

Public Law 119–27
119th Congress

An Act

To provide for the regulation of payment stablecoins, and for other purposes.

July 18, 2025

[S. 1582]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Guiding and Establishing National Innovation for U.S. Stablecoins Act” or the “GENIUS Act”.

Guiding and
Establishing
National
Innovation for
U.S. Stablecoins
Act.
12 USC 5901
note.
12 USC 5901.

SEC. 2. DEFINITIONS.

In this Act:

(1) **APPROPRIATE FEDERAL BANKING AGENCY.**—The term “appropriate Federal banking agency” has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(2) **BANK SECRECY ACT.**—The term “Bank Secrecy Act” means—

(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(B) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 et seq.); and

(C) subchapter II of chapter 53 of title 31, United States Code.

(3) **BOARD.**—The term “Board” means the Board of Governors of the Federal Reserve System.

(4) **COMPTROLLER.**—The term “Comptroller” means the Office of the Comptroller of the Currency.

(5) **CORPORATION.**—The term “Corporation” means the Federal Deposit Insurance Corporation.

(6) **DIGITAL ASSET.**—The term “digital asset” means any digital representation of value that is recorded on a cryptographically secured distributed ledger.

(7) **DIGITAL ASSET SERVICE PROVIDER.**—The term “digital asset service provider”—

(A) means a person that, for compensation or profit, engages in the business in the United States (including on behalf of customers or users in the United States) of—

(i) exchanging digital assets for monetary value;

(ii) exchanging digital assets for other digital assets;

(iii) transferring digital assets to a third party;

(iv) acting as a digital asset custodian; or

(v) participating in financial services relating to digital asset issuance; and

(B) does not include—

- (i) a distributed ledger protocol;
- (ii) developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces;
- (iii) an immutable and self-custodial software interface;
- (iv) developing, operating, or engaging in the business of validating transactions or operating a distributed ledger; or
- (v) participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions.

(8) **DISTRIBUTED LEDGER.**—The term “distributed ledger” means technology in which data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

(9) **DISTRIBUTED LEDGER PROTOCOL.**—The term “distributed ledger protocol” means publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts.

(10) **FEDERAL BRANCH.**—The term “Federal branch” has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(11) **FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUER.**—The term “Federal qualified payment stablecoin issuer” means—

(A) a nonbank entity, other than a State qualified payment stablecoin issuer, approved by the Comptroller, pursuant to section 5, to issue payment stablecoins;

(B) an uninsured national bank—

(i) that is chartered by the Comptroller, pursuant to title LXII of the Revised Statutes; and

(ii) that is approved by the Comptroller, pursuant to section 5, to issue payment stablecoins; and

(C) a Federal branch that is approved by the Comptroller, pursuant to section 5, to issue payment stablecoins.

(12) **FOREIGN PAYMENT STABLECOIN ISSUER.**—The term “foreign payment stablecoin issuer” means an issuer of a payment stablecoin that is—

(A) organized under the laws of or domiciled in a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands; and

(B) not a permitted payment stablecoin issuer.

(13) **INSTITUTION-AFFILIATED PARTY.**—With respect to a permitted payment stablecoin issuer, the term “institution-affiliated party” means any director, officer, employee, or controlling stockholder of the permitted payment stablecoin issuer.

(14) **INSURED CREDIT UNION.**—The term “insured credit union” has the meaning given that term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(15) **INSURED DEPOSITORY INSTITUTION.**—The term “insured depository institution” means—

(A) an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) an insured credit union.

(16) **LAWFUL ORDER.**—The term “lawful order” means any final and valid writ, process, order, rule, decree, command, or other requirement issued or promulgated under Federal law, issued by a court of competent jurisdiction or by an authorized Federal agency pursuant to its statutory authority, that—

(A) requires a person to seize, freeze, burn, or prevent the transfer of payment stablecoins issued by the person;

(B) specifies the payment stablecoins or accounts subject to blocking with reasonable particularity; and

(C) is subject to judicial or administrative review or appeal as provided by law.

(17) **MONETARY VALUE.**—The term “monetary value” means a national currency or deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) denominated in a national currency.

(18) **MONEY.**—The term “money”—

(A) means a medium of exchange currently authorized or adopted by a domestic or foreign government; and

(B) includes a monetary unit of account established by an intergovernmental organization or by agreement between 2 or more countries.

(19) **NATIONAL CURRENCY.**—The term “national currency” means each of the following:

(A) A Federal Reserve note (as the term is used in the first undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 411)).

(B) Money standing to the credit of an account with a Federal Reserve Bank.

(C) Money issued by a foreign central bank.

(D) Money issued by an intergovernmental organization pursuant to an agreement by 2 or more governments.

(20) **NONBANK ENTITY.**—The term “nonbank entity” means a person that is not a depository institution or subsidiary of a depository institution.

(21) **OFFER.**—The term “offer” means to make available for purchase, sale, or exchange.

(22) **PAYMENT STABLECOIN.**—The term “payment stablecoin”—

(A) means a digital asset—

(i) that is, or is designed to be, used as a means of payment or settlement; and

(ii) the issuer of which—

(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and

(II) represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value; and

(B) does not include a digital asset that—

(i) is a national currency;

(ii) is a deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology; or

(iii) is a security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2), except that, for the avoidance of doubt, no bond, note, evidence of indebtedness, or investment contract that was issued by a permitted payment stablecoin issuer shall qualify as a security solely by virtue of its satisfying the conditions described in subparagraph (A), consistent with section 17 of this Act.

(23) PERMITTED PAYMENT STABLECOIN ISSUER.—The term “permitted payment stablecoin issuer” means a person formed in the United States that is—

(A) a subsidiary of an insured depository institution that has been approved to issue payment stablecoins under section 5;

(B) a Federal qualified payment stablecoin issuer; or

(C) a State qualified payment stablecoin issuer.

(24) PERSON.—The term “person” means an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

(25) PRIMARY FEDERAL PAYMENT STABLECOIN REGULATOR.—The term “primary Federal payment stablecoin regulator” means—

(A) with respect to a subsidiary of an insured depository institution (other than an insured credit union), the appropriate Federal banking agency of such insured depository institution;

(B) with respect to an insured credit union or a subsidiary of an insured credit union, the National Credit Union Administration;

(C) with respect to a State chartered depository institution not specified under subparagraph (A), the Corporation, the Comptroller, or the Board; and

(D) with respect to a Federal qualified payment stablecoin issuer, the Comptroller.

(26) REGISTERED PUBLIC ACCOUNTING FIRM.—The term “registered public accounting firm” has the meaning given that term under section 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201).

(27) STABLECOIN CERTIFICATION REVIEW COMMITTEE.—The term “Stablecoin Certification Review Committee” means the committee of that name and having the functions as provided in this Act—

(A) of which—

(i) the Secretary of the Treasury shall serve as Chair; and

(ii) the Chair of the Board (or the Vice Chair for Supervision, as delegated by the Chair of the Board), and the Chair of the Corporation shall serve as members; and

(B) which, unless otherwise specified in this Act, shall act by $\frac{2}{3}$ vote of its members at any meeting called by the Chair or by unanimous written consent.

(28) STATE.—The term “State” means each of the several States of the United States, the District of Columbia, and each territory of the United States.

(29) STATE CHARTERED DEPOSITORY INSTITUTION.—The term “State chartered depository institution” has the meaning given the term “State depository institution” in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)).

(30) STATE PAYMENT STABLECOIN REGULATOR.—The term “State payment stablecoin regulator” means a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins.

(31) STATE QUALIFIED PAYMENT STABLECOIN ISSUER.—The term “State qualified payment stablecoin issuer” means an entity that—

(A) is legally established under the laws of a State and approved to issue payment stablecoins by a State payment stablecoin regulator; and

(B) is not an uninsured national bank chartered by the Comptroller pursuant to title LXII of the Revised Statutes, a Federal branch, an insured depository institution, or a subsidiary of such national bank, Federal branch, or insured depository institution.

(32) SUBSIDIARY.—The term “subsidiary” has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(33) SUBSIDIARY OF AN INSURED CREDIT UNION.—With respect to an insured credit union, the term “subsidiary of an insured credit union” means—

(A) an organization providing services to the insured credit union that are associated with the routine operations of credit unions, as described in section 107(7)(I) of the Federal Credit Union Act (12 U.S.C. 1757(7)(I));

(B) a credit union service organization, as such term is used under part 712 of title 12, Code of Federal Regulations, with respect to which the insured credit union has an ownership interest or to which the insured credit union has extended a loan; and

(C) a subsidiary of a State chartered insured credit union authorized under State law.

SEC. 3. ISSUANCE AND TREATMENT OF PAYMENT STABLECOINS.

12 USC 5902.

(a) LIMITATION ON ISSUERS.—It shall be unlawful for any person other than a permitted payment stablecoin issuer to issue a payment stablecoin in the United States.

(b) PROHIBITION ON OFFERS OR SALES.—

(1) IN GENERAL.—Except as provided in subsection (c) and section 18, beginning on the date that is 3 years after the date of enactment of this Act, it shall be unlawful for a digital asset service provider to offer or sell a payment stablecoin to a person in the United States, unless the payment stablecoin is issued by a permitted payment stablecoin issuer.

Effective date.

(2) FOREIGN PAYMENT STABLECOIN ISSUERS.—It shall be unlawful for any digital asset service provider to offer, sell, or otherwise make available in the United States a payment

Compliance.

stablecoin issued by a foreign payment stablecoin issuer unless the foreign payment stablecoin issuer has the technological capability to comply, and will comply, with the terms of any lawful order and any reciprocal arrangement pursuant to section 18.

Determinations.

(c) LIMITED SAFE HARBORS.—

(1) IN GENERAL.—The Secretary of the Treasury may issue regulations providing safe harbors from subsection (a) that are—

(A) consistent with the purposes of the Act;

(B) limited in scope; and

Applicability.

(C) apply to a de minimis volume of transactions, as determined by the Secretary of the Treasury.

(2) UNUSUAL AND EXIGENT CIRCUMSTANCES.—

(A) IN GENERAL.—If the Secretary of the Treasury determines that unusual and exigent circumstances exist, the Secretary may provide limited safe harbors from subsection (a).

(B) JUSTIFICATION.—Prior to issuing a limited safe harbor under this paragraph, the Secretary of the Treasury shall submit to the chairs and ranking members of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a justification for the determination of the unusual and exigent circumstances, which may be contained in a classified annex, as applicable.

(d) RULEMAKING.—Consistent with section 13, the Secretary of the Treasury shall issue regulations to implement this section, including regulations to define terms.

(e) EXTRATERRITORIAL EFFECT.—This section is intended to have extraterritorial effect if conduct involves the offer or sale of a payment stablecoin to a person located in the United States.

(f) PENALTY FOR VIOLATION.—

(1) IN GENERAL.—Whoever knowingly participates in a violation of subsection (a) shall be fined not more than \$1,000,000 for each such violation, imprisoned for not more than 5 years, or both.

(2) REFERRAL TO ATTORNEY GENERAL.—If a primary Federal payment stablecoin regulator has reason to believe that any person has knowingly violated subsection (a), the primary Federal payment stablecoin regulator may refer the matter to the Attorney General.

(g) TREATMENT.—A payment stablecoin that is not issued by a permitted payment stablecoin issuer shall not be—

(1) treated as cash or as a cash equivalent for accounting purposes;

(2) eligible as cash or as a cash equivalent margin and collateral for futures commission merchants, derivative clearing organizations, broker-dealers, registered clearing agencies, and swap dealers; or

(3) acceptable as a settlement asset to facilitate wholesale payments between banking organizations or by a payment infrastructure to facilitate exchange and settlement among banking organizations.

(h) RULES OF CONSTRUCTION.—

(1) EXEMPT TRANSACTIONS.—This section shall not apply to—

(A) the direct transfer of digital assets between 2 individuals acting on their own behalf and for their own lawful purposes, without the involvement of an intermediary;

(B) to any transaction involving the receipt of digital assets by an individual between an account owned by the individual in the United States and an account owned by the individual abroad that are offered by the same parent company; or

(C) to any transaction by means of a software or hardware wallet that facilitates an individual’s own custody of digital assets.

(2) **TREASURY AUTHORITY.**—Nothing in this Act shall alter the existing authority of the Secretary of the Treasury to block, restrict, or limit transactions involving payment stablecoins that reference or are denominated in United States dollars that are subject to the jurisdiction of the United States.

SEC. 4. REQUIREMENTS FOR ISSUING PAYMENT STABLECOINS.

12 USC 5903.

(a) **STANDARDS FOR THE ISSUANCE OF PAYMENT STABLECOINS.**—

(1) **IN GENERAL.**—A permitted payment stablecoin issuer shall—

(A) maintain identifiable reserves backing the outstanding payment stablecoins of the permitted payment stablecoin issuer on an at least 1 to 1 basis, with reserves comprising—

(i) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank;

(ii) funds held as demand deposits (or other deposits that may be withdrawn upon request at any time) or insured shares at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to limitations established by the Corporation and the National Credit Union Administration, as applicable, to address safety and soundness risks of such insured depository institution;

(iii) Treasury bills, notes, or bonds—

(I) with a remaining maturity of 93 days or less; or

(II) issued with a maturity of 93 days or less;

(iv) money received under repurchase agreements, with the permitted payment stablecoin issuer acting as a seller of securities and with an overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;

(v) reverse repurchase agreements, with the permitted payment stablecoin issuer acting as a purchaser of securities and with an overnight maturity, that are collateralized by Treasury notes, bills, or bonds on an overnight basis, subject to overcollateralization in line with standard market terms, that are—

(I) tri-party;

(II) centrally cleared through a clearing agency registered with the Securities and Exchange Commission; or

Time period.

Time period.

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| | (III) bilateral with a counterparty that the issuer has determined to be adequately credit-worthy even in the event of severe market stress; |
| | (vi) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in clauses (i) through (v); |
| | (vii) any other similarly liquid Federal Government-issued asset approved by the primary Federal payment stablecoin regulator, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer; or |
| Compliance. | (viii) any reserve described in clause (i) through (iii) or clause (vi) through (vii) in tokenized form, provided that such reserves comply with all applicable laws and regulations; |
| Public information. | (B) publicly disclose the issuer’s redemption policy, which shall— |
| Procedures. | (i) establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins, provided that any discretionary limitations on timely redemptions can only be imposed by a State qualified payment stablecoin regulator, the Corporation, the Comptroller, or the Board, consistent with section 7; and |
| Time period. | (ii) publicly, clearly, and conspicuously disclose in plain language all fees associated with purchasing or redeeming the payment stablecoins, provided that such fees can only be changed upon not less than 7 days’ prior notice to consumers; and |
| Notice. | (C) publish the monthly composition of the issuer’s reserves on the website of the issuer, containing— |
| Web posting. | (i) the total number of outstanding payment stablecoins issued by the issuer; and |
| | (ii) the amount and composition of the reserves described in subparagraph (A), including the average tenor and geographic location of custody of each category of reserve instruments. |
| | (2) PROHIBITION ON REHYPOTHECATION.—Reserves required under paragraph (1)(A) may not be pledged, rehypothecated, or reused by the permitted payment stablecoin issuer, either directly or indirectly, except for the purpose of— |
| | (A) satisfying margin obligations in connection with investments in permitted reserves under clauses (iv) and (v) of paragraph (1)(A); |
| | (B) satisfying obligations associated with the use, receipt, or provision of standard custodial services; or |
| Time period. | (C) creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills may be sold as purchased securities for repurchase agreements with a maturity of 93 days or less, provided that either— |
| | (i) the repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or |

(ii) the permitted payment stablecoin issuer receives the prior approval of its primary Federal payment stablecoin regulator or State payment stablecoin regulator, as applicable. Advance approval.

(3) MONTHLY CERTIFICATION; EXAMINATION OF REPORTS BY REGISTERED PUBLIC ACCOUNTING FIRM.—

(A) IN GENERAL.—A permitted payment stablecoin issuer shall, each month, have the information disclosed in the previous month-end report required under paragraph (1)(D) examined by a registered public accounting firm.

(B) CERTIFICATION.—Each month, the Chief Executive Officer and Chief Financial Officer of a permitted payment stablecoin issuer shall submit a certification as to the accuracy of the monthly report to, as applicable—

(i) the primary Federal payment stablecoin regulator of the permitted payment stablecoin issuer; or

(ii) the State payment stablecoin regulator of the permitted payment stablecoin issuer.

(C) CRIMINAL PENALTY.—Any person who submits a certification required under subparagraph (B) knowing that such certification is false shall be subject to the same criminal penalties as those set forth under section 1350(c) of title 18, United States Code.

(4) CAPITAL, LIQUIDITY, AND RISK MANAGEMENT REQUIREMENTS.—

(A) IN GENERAL.—The primary Federal payment stablecoin regulators shall, or in the case of a State qualified payment stablecoin issuer, the State payment stablecoin regulator shall, consistent with section 13, issue regulations implementing—

(i) capital requirements applicable to permitted payment stablecoin issuers that—

(I) are tailored to the business model and risk profile of permitted payment stablecoin issuers;

(II) do not exceed requirements that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers; and

(III) in the case of the primary Federal payment stablecoin regulators, if the primary Federal payment stablecoin regulators determine that a capital buffer is necessary to ensure the ongoing operations of permitted payment stablecoin issuers, may include capital buffers that are tailored to the business model and risk profile of permitted payment stablecoin issuers;

(ii) the liquidity standard under paragraph (1)(A);

(iii) reserve asset diversification, including deposit concentration at banking institutions, and interest rate risk management standards applicable to permitted payment stablecoin issuers that—

(I) are tailored to the business model and risk profile of permitted payment stablecoin issuers; and

(II) do not exceed standards that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers; and

Determination.

(iv) appropriate operational, compliance, and information technology risk management principles-based requirements and standards, including Bank Secrecy Act and sanctions compliance standards, that—

(I) are tailored to the business model and risk profile of permitted payment stablecoin issuers; and

(II) are consistent with applicable law.

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to limit—

(i) the authority of the primary Federal payment stablecoin regulators, in prescribing standards under this paragraph, to tailor or differentiate among issuers on an individual basis or by category, taking into consideration the capital structure, business model risk profile, complexity, financial activities (including financial activities of subsidiaries), size, and any other risk-related factors of permitted payment stablecoin issuers that a primary Federal payment stablecoin regulator determines appropriate, provided that such tailoring or differentiation occurs without respect to whether a permitted payment stablecoin issuer is regulated by a State payment stablecoin regulator; or

(ii) any supervisory, regulatory, or enforcement authority of a primary Federal payment stablecoin regulator to further the safe and sound operation of an institution for which the primary Federal payment stablecoin regulator is the appropriate regulator.

(C) APPLICABILITY OF EXISTING CAPITAL STANDARDS.—

(i) DEFINITION.—In this subparagraph, the term “depository institution holding company” has the meaning given that term under section 171(a)(3) of the Financial Stability Act of 2010 (12 U.S.C. 5371(a)(3)).

(ii) APPLICABILITY OF FINANCIAL STABILITY ACT.—With respect to the promulgation of rules under subparagraph (A) and clauses (iii) and (iv) of this subparagraph, section 171 of the Financial Stability Act of 2010 (12 U.S.C. 5371) shall not apply.

(iii) RULES RELATING TO LEVERAGE CAPITAL REQUIREMENTS OR RISK-BASED CAPITAL REQUIREMENTS.—Any rule issued by an appropriate Federal banking agency that imposes, on a consolidated basis, a leverage capital requirement or risk-based capital requirement with respect to an insured depository institution or depository institution holding company shall provide that, for purposes of such leverage capital requirement or risk-based capital requirement, any insured depository institution or depository institution holding company that includes, on a consolidated basis, a permitted payment stablecoin issuer, shall not be required to hold, with respect to such permitted payment stablecoin issuer and its assets and operations, any amount of regulatory capital in excess of the capital that such permitted payment stablecoin issuer must maintain under the capital requirements issued pursuant to subparagraph (A)(i).

(iv) MODIFICATIONS.—Not later than the earlier of the rulemaking deadline under section 13 or the date on which the Federal payment stablecoin regulators issue regulations to carry out this section, each appropriate Federal banking agency shall amend or otherwise modify any regulation of the appropriate Federal banking agency described in clause (iii) so that such regulation, as amended or otherwise modified, complies with clause (iii) of this subparagraph.

Deadline.
Compliance.

(5) TREATMENT UNDER THE BANK SECRECY ACT AND SANCTIONS LAWS.—

(A) IN GENERAL.—A permitted payment stablecoin issuer shall be treated as a financial institution for purposes of the Bank Secrecy Act, and as such, shall be subject to all Federal laws applicable to a financial institution located in the United States relating to economic sanctions, prevention of money laundering, customer identification, and due diligence, including—

Applicability.

(i) maintenance of an effective anti-money laundering program, which shall include appropriate risk assessments and designation of an officer to supervise the program;

Risk
assessments.
Designation.

(ii) retention of appropriate records;

Records.

(iii) monitoring and reporting of any suspicious transaction relevant to a possible violation of law or regulation;

(iv) technical capabilities, policies, and procedures to block, freeze, and reject specific or impermissible transactions that violate Federal or State laws, rules, or regulations;

Policies.
Procedures.

(v) maintenance of an effective customer identification program, including identification and verification of account holders with the permitted payment stablecoin issuer, high-value transactions, and appropriate enhanced due diligence; and

Verification.

(vi) maintenance of an effective economic sanctions compliance program, including verification of sanctions lists, consistent with Federal law.

Verification.
Lists.

(B) RULEMAKING.—The Secretary of the Treasury shall adopt rules, tailored to the size and complexity of permitted payment stablecoin issuers, to implement subparagraph (A).

(C) RESERVATION OF AUTHORITY.—Nothing in this Act shall restrict the authority of the Secretary of the Treasury to implement, administer, and enforce the provisions of subchapter II of chapter 53 of title 31, United States Code.

(6) COORDINATION WITH PERMITTED PAYMENT STABLECOIN ISSUERS WITH RESPECT TO BLOCKING OF PROPERTY AND TECHNOLOGICAL CAPABILITIES TO COMPLY WITH LAWFUL ORDERS.—

(A) IN GENERAL.—The Secretary of the Treasury—

(i) shall, to the best of the Secretary's ability, coordinate with a permitted payment stablecoin issuer before taking any action to block and prohibit transactions in property and interests in property of a foreign person to ensure that the permitted payment stablecoin issuer is able to effectively block a payment

stablecoin of the foreign person upon issuance of the payment stablecoin; and

(ii) is not required to notify any permitted payment stablecoin issuer of any intended action described in clause (i) prior to taking such action.

(B) COMPLIANCE WITH LAWFUL ORDERS.—A permitted payment stablecoin issuer may issue payment stablecoins only if the issuer has the technological capability to comply, and will comply, with the terms of any lawful order.

(C) REPORT REQUIRED.—Not later than 1 year after the date of enactment of this Act, the Attorney General and the Secretary of the Treasury shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report, which may include a classified annex if applicable, on the coordination with permitted payment stablecoin issuers required under subparagraph (A).

(D) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to alter or affect the authority of State payment stablecoin regulators with respect to the offer of foreign-issued digital assets that are issued within a foreign jurisdiction.

(7) LIMITATION ON PAYMENT STABLECOIN ACTIVITIES.—

(A) IN GENERAL.—A permitted payment stablecoin issuer may only—

(i) issue payment stablecoins;

(ii) redeem payment stablecoins;

(iii) manage related reserves, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with State and Federal law;

(iv) provide custodial or safekeeping services for payment stablecoins, required reserves, or private keys of payment stablecoins, consistent with this Act; and

(v) undertake other activities that directly support any of the activities described in clauses (i) through (iv).

(B) RULE OF CONSTRUCTION.—Nothing in subparagraph (A) shall limit a permitted payment stablecoin issuer from engaging in payment stablecoin activities or digital asset service provider activities specified by this Act, and activities incidental thereto, that are authorized by the primary Federal payment stablecoin regulator or the State payment stablecoin regulator, as applicable, consistent with all other Federal and State laws, provided that the claims of payment stablecoin holders rank senior to any potential claims of non-stablecoin creditors with respect to the reserve assets, consistent with section 11.

(8) PROHIBITION ON TYING.—

(A) IN GENERAL.—A permitted payment stablecoin issuer may not provide services to a customer on the condition that the customer obtain an additional paid product or service from the permitted payment stablecoin issuer, or any of its subsidiaries, or agree to not obtain an additional product or service from a competitor.

(B) REGULATIONS.—The Board may issue such regulations as are necessary to carry out this paragraph, and, in consultation with other relevant primary Federal payment stablecoin regulators, may by regulation or order, permit such exceptions to subparagraph (A) as the Board considers will not be contrary to the purpose of this Act.

(9) PROHIBITION ON THE USE OF DECEPTIVE NAMES.—

(A) IN GENERAL.—A permitted payment stablecoin issuer may not—

(i) use any combination of terms relating to the United States Government, including “United States”, “United States Government”, and “USG” in the name of a payment stablecoin; or

(ii) market a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be—

(I) legal tender, as described in section 5103 of title 31, United States Code;

(II) issued by the United States; or

(III) guaranteed or approved by the Government of the United States.

(B) PEGGED STABLECOINS.—Abbreviations directly relating to the currency to which a payment stablecoin is pegged, such as “USD”, are not subject to the prohibitions in subparagraph (A).

(10) AUDITS AND REPORTS.—

(A) ANNUAL FINANCIAL STATEMENT.—

(i) IN GENERAL.—A permitted payment stablecoin issuer with more than \$50,000,000,000 in consolidated total outstanding issuance, that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)), shall prepare, in accordance with generally accepted accounting principles, an annual financial statement, which shall include the disclosure of any related party transactions, as defined by such generally accepted accounting principles.

(ii) AUDITOR.—A registered public accounting firm shall perform an audit of the annual financial statements described in clause (i).

(iii) STANDARDS.—An audit described in clause (ii) shall be conducted in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board, including those relating to auditor independence, internal controls, and related party transactions.

(iv) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed to limit, alter, or expand the jurisdiction of the Public Company Accounting Oversight Board over permitted payment stablecoin issuers or registered public accounting firms.

(B) PUBLIC DISCLOSURE AND SUBMISSION TO FEDERAL REGULATORS.—Each permitted payment stablecoin issuer required to prepare an audited annual financial statement under subparagraph (A) shall—

(i) make such audited financial statements publicly available on the website of the permitted payment stablecoin issuer; and

(ii) submit such audited financial statements annually to their primary Federal payment stablecoin regulator.

(C) CONSULTATION.—The primary Federal payment stablecoin regulators may consult with the Public Company Accounting Oversight Board to determine best practices for determining audit oversight and to detect fraud, material misstatements, and other financial misrepresentations that could mislead permitted payment stablecoin holders.

(11) PROHIBITION ON INTEREST.—No permitted payment stablecoin issuer or foreign payment stablecoin issuer shall pay the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

Compliance.

(12) NON-FINANCIAL SERVICES PUBLIC COMPANIES.—

(A) DEFINITIONS.—In this paragraph:

(i) FINANCIAL ACTIVITIES.—The term “financial activities”—

(I) has the meaning given that term in section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)); and

(II) for the avoidance of doubt, includes those activities described in subparagraphs (A) and (B) of section 2(7) and section 4(a)(7)(A) of this Act.

(ii) PUBLIC COMPANY.—The term “public company” means an issuer that is required to file reports under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)).

(B) PROHIBITION.—

(i) IN GENERAL.—A public company that is not predominantly engaged in 1 or more financial activities, and its wholly or majority owned subsidiaries or affiliates, may not issue a payment stablecoin unless the public company obtains a unanimous vote of the Stablecoin Certification Review Committee finding that—

(I) it will not pose a material risk to the safety and soundness of the United States banking system, the financial stability of the United States, or the Deposit Insurance Fund;

(II) the public company will comply with data use limitations providing that, unless the public company receives consent from the consumer, non-public personal information obtained from stablecoin transaction data may not be—

(aa) used to target, personalize, or rank advertising or other content;

(bb) sold to any third party; or

(cc) shared with non-affiliates; and

(III) the public company and the affiliates of the public company will comply with the tying prohibitions under paragraph (8).

Consent.

(ii) EXCEPTION.—The prohibition under clause (i) against the sharing of consumer information shall not apply to sharing of such information—

(I) to comply with Federal, State, or local laws, rules, and other applicable legal requirements;

(II) to comply with a properly authorized civil, criminal, or regulatory investigation, subpoena, or summons by a Federal, State, or local authority; or

(III) to respond to judicial process or a government regulatory authority having jurisdiction over the public company.

(C) EXTENSION OF PROHIBITION.—

(i) IN GENERAL.—Any company not domiciled in the United States or its Territories that is not predominantly engaged in 1 or more financial activities, may not issue a payment stablecoin unless the public company obtains a unanimous vote of the Stablecoin Certification Review Committee finding that—

(I) it will not pose a material risk to the safety and soundness of the United States banking system, the financial stability of the United States, or the Deposit Insurance Fund;

(II) the public company will comply with data use limitations providing that, unless the public company receives consent from the consumer, non-public personal information obtained from stablecoin transaction data may not be—

(aa) used to target, personalize, or rank advertising or other content;

(bb) sold to any third party; or

(cc) shared with non-affiliates; except

(III) the public company and the affiliates of the public company will comply with the tying prohibitions under paragraph (8).

(ii) EXCEPTION.—The prohibition under clause (i) against the sharing of consumer information shall not apply to sharing of such information—

(I) to comply with Federal, State, or local laws, rules, and other applicable legal requirements;

(II) to comply with a properly authorized civil, criminal, or regulatory investigation, subpoena, or summons by a Federal, State, or local authority; or

(III) to respond to judicial process or a government regulatory authority having jurisdiction over the public company.

(D) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Stablecoin Certification Review Committee shall issue an interpretive rule clarifying the application of this paragraph.

(13) ELIGIBILITY.—Nothing in this Act shall be construed as expanding or contracting legal eligibility to receive services available from a Federal Reserve bank or to make deposits with a Federal Reserve bank, in each case pursuant to the Federal Reserve Act.

Consent.

Deadline.

(14) **RULE OF CONSTRUCTION.**—Compliance with this section does not alter or affect any additional requirement of a State payment stablecoin regulator that may apply relating to the offering of payment stablecoins.

(b) **REGULATION BY THE COMPTROLLER.**—

(1) **IN GENERAL.**—Notwithstanding section 5136C of the Revised Statutes (12 U.S.C. 25b), section 6 of the Home Owners’ Loan Act (12 U.S.C. 1465), or any applicable State law relating to licensing and supervision, a Federal qualified payment stablecoin issuer approved by the Comptroller pursuant to section 5 of this Act shall be licensed, regulated, examined, and supervised exclusively by the Comptroller, which shall have authority, in coordination with other relevant primary Federal payment stablecoin regulators and State payment stablecoin regulators, to issue such regulations and orders as necessary to ensure financial stability and implement subsection (a).

(2) **CONFORMING AMENDMENT.**—Section 324(b) of the Revised Statutes (12 U.S.C. 1(b)) is amended by adding at the end the following:

“(3) **REGULATION OF FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS.**—The Comptroller of the Currency shall, in coordination with other relevant regulators and consistent with section 13 of the GENIUS Act, issue such regulations and orders as necessary to ensure financial stability and implement section 4(a) of that Act.”

(c) **STATE-LEVEL REGULATORY REGIMES.**—

(1) **OPTION FOR STATE-LEVEL REGULATORY REGIME.**—Notwithstanding the Federal regulatory framework established under this Act, a State qualified payment stablecoin issuer with a consolidated total outstanding issuance of not more than \$10,000,000,000 may opt for regulation under a State-level regulatory regime, provided that the State-level regulatory regime is substantially similar to the Federal regulatory framework under this Act.

(2) **PRINCIPLES.**—The Secretary of the Treasury shall, through notice and comment rulemaking, establish broad-based principles for determining whether a State-level regulatory regime is substantially similar to the Federal regulatory framework under this Act.

(3) **REVIEW.**—State payment stablecoin regulators shall review State-level regulatory regimes according to the principles established by the Secretary of the Treasury under paragraph (2) and for the purposes of establishing any necessary cooperative agreements to implement section 7(f).

(4) **CERTIFICATION.**—

(A) **INITIAL CERTIFICATION.**—Subject to subparagraph (B), not later than 1 year after the effective date of this Act, a State payment stablecoin regulator shall submit to the Stablecoin Certification Review Committee an initial certification that the State-level regulatory regime meets the criteria for substantial similarity established pursuant to paragraph (2).

(B) **FORM OF CERTIFICATION.**—The initial certification required under subparagraph (A) shall contain, in a form prescribed by the Stablecoin Certification Review Committee, an attestation that the State-level regulatory

Notice.
Determination.

Contracts.

Deadlines.

Attestation.

regime meets the criteria for substantial similarity established pursuant to paragraph (2).

(C) ANNUAL RECERTIFICATION.—Not later than a date to be determined by the Secretary of the Treasury each year, a State payment stablecoin regulator shall submit to the Stablecoin Certification Review Committee an additional certification that confirms the accuracy of the initial certification submitted under subparagraph (A).

(5) CERTIFICATION REVIEW.—

(A) IN GENERAL.—Not later than 30 days after the date on which a State payment stablecoin regulator submits an initial certification or a recertification under paragraph (4), the Stablecoin Certification Review Committee shall—

Deadline.

(i) approve such certification if the Committee unanimously determines that the State-level regulatory regime meets or exceeds the standards and requirements described in subsection (a); or

Approval.
Determination.

(ii) deny such certification and provide the State payment stablecoin regulator with a written explanation of the denial, describing the reasoned basis for the denial with sufficient detail to enable the State payment stablecoin regulator and State-level regulatory regime to make any changes necessary to meet or exceed the standards and requirements described in subsection (a).

Denial.

(B) RECERTIFICATIONS.—With respect to any recertification certification submitted by a State payment stablecoin regulator under paragraph (4), the Stablecoin Certification Review Committee shall only deny the recertification if—

(i) the State-level regulatory regime has materially changed from the prior certification or there has been a significant change in circumstances; and

(ii) the material change in the regime or significant change in circumstances described in clause (i) is such that the State-level regulatory regime will not promote the safe and sound operation of State qualified payment stablecoin issuers under its supervision.

(C) OPPORTUNITY TO CURE.—

(i) IN GENERAL.—With respect to a denial described under subparagraph (A) or (B), the Stablecoin Certification Review Committee shall provide the State payment stablecoin regulator with not less than 180 days from the date on which the State payment stablecoin regulator is notified of such denial to—

Deadline.

(I) make such changes as may be necessary to ensure the State-level regulatory regime meets or exceeds the standards described in subsection (a); and

(II) resubmit the initial certification or recertification.

(ii) DENIAL.—If, after a State payment stablecoin regulator resubmits an initial certification or recertification under clause (i), the Stablecoin Certification Review Committee again determines that the initial certification or recertification shall result in a denial, the Stablecoin Certification Review Committee shall,

Determination.
Deadline.

not later than 30 days after such determination, provide the State payment stablecoin regulator with a written explanation for the determination.

(D) APPEAL OF DENIAL.—A State payment stablecoin regulator in receipt of a denial under subparagraph (C)(ii) may appeal the denial to the United States Court of Appeals for the District of Columbia Circuit.

(E) RIGHT TO RESUBMIT.—A State payment stablecoin regulator in receipt of a denial under this paragraph shall not be prohibited from resubmitting a new certification under paragraph (4).

Federal Register,
publication.
Web posting.

(6) LIST.—The Secretary of the Treasury shall publish and maintain in the Federal Register and on the website of the Department of the Treasury a list of States that have submitted initial certifications and recertifications under paragraph (4).

Deadline.
Guidance.
Timeline.

(7) EXPEDITED CERTIFICATIONS OF EXISTING REGULATORY REGIMES.—The Stablecoin Certification Review Committee shall take all necessary steps to endeavor that, with respect to a State that, within 180 days of the date of enactment of this Act, has in effect a prudential regulatory regime (including regulations and guidance) for the supervision of digital assets or payment stablecoins, the certification process under this paragraph with respect to that regime occurs on an expedited timeline after the effective date of this Act.

Deadlines.
Effective dates.

(d) TRANSITION TO FEDERAL OVERSIGHT.—

(1) DEPOSITORY INSTITUTION.—A State chartered depository institution that is a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of more than \$10,000,000,000 shall—

(A) not later than 360 days after the payment stablecoin reaches such threshold, transition to the Federal regulatory framework of the primary Federal payment stablecoin regulator of the State chartered depository institution, which shall be administered by the State payment stablecoin regulator of the State chartered depository institution and the primary Federal payment stablecoin regulator acting jointly; or

(B) beginning on the date the payment stablecoin reaches such threshold, cease issuing new payment stablecoins until the payment stablecoin is under the \$10,000,000,000 consolidated total outstanding issuance threshold.

(2) OTHER INSTITUTIONS.—A State qualified payment stablecoin issuer not described in paragraph (1) with a payment stablecoin with a consolidated total outstanding issuance of more than \$10,000,000,000 shall—

(A) not later than 360 days after the payment stablecoin reaches such threshold, transition to the Federal regulatory framework under subsection (a) administered by the relevant State payment stablecoin regulator and the Comptroller, acting in coordination; or

(B) beginning on the date the payment stablecoin reaches such threshold, cease issuing new payment stablecoins until the payment stablecoin is under the \$10,000,000,000 consolidated total outstanding issuance threshold.

(3) WAIVER.—

(A) **IN GENERAL.**—Notwithstanding paragraphs (1) and (2), the applicable primary Federal payment stablecoin regulator may permit a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of more than \$10,000,000,000 to remain solely supervised by a State payment stablecoin regulator.

(B) **CRITERIA FOR WAIVER.**—The primary Federal payment stablecoin regulator shall consider the following exclusive criteria in determining whether to issue a waiver under this paragraph:

Determination.

(i) The capital maintained by the State qualified payment stablecoin issuer.

(ii) The past operations and examination history of the State qualified payment stablecoin issuer.

(iii) The experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities.

(iv) The supervisory framework, including regulations and guidance, of the State qualified payment stablecoin issuer with respect to payment stablecoins and digital assets.

(C) **RULE OF CONSTRUCTION.**—

(i) **FEDERAL OVERSIGHT.**—A State qualified payment stablecoin issuer subject to Federal oversight under paragraph (1) or (2) of this subsection that does not receive a waiver under this paragraph shall continue to be supervised by the State payment stablecoin regulator of the State qualified payment stablecoin issuer jointly with the primary Federal payment stablecoin regulator. Nothing in this subsection shall require the State qualified payment stablecoin issuer to convert to a Federal charter.

(ii) **STATE OVERSIGHT.**—A State qualified payment stablecoin issuer supervised by a State payment stablecoin regulator that has established a prudential regulatory regime (including regulations and guidance) for the supervision of digital assets or payment stablecoins before the 90-day period ending on the date of enactment of this Act that has been certified pursuant to subsection (c) and has approved 1 or more issuers to issue payment stablecoins under the supervision of such State payment stablecoin regulator, shall be presumptively approved for a waiver under this paragraph, unless the Federal payment stablecoin regulator finds, by clear and convincing evidence, that the requirements of subparagraph (B) are not substantially met with respect to that issuer or that the issuer poses significant safety and soundness risks to the financial system of the United States.

Guidance.
Time period.
Approval.

(e) **MISREPRESENTATION OF INSURED STATUS.**—

(1) **IN GENERAL.**—Payment stablecoins shall not be backed by the full faith and credit of the United States, guaranteed by the United States Government, subject to deposit insurance by the Federal Deposit Insurance Corporation, or subject to share insurance by the National Credit Union Administration.

(2) **MISREPRESENTATION OF INSURED STATUS.**—

(A) IN GENERAL.—It shall be unlawful to represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States Government, or subject to Federal deposit insurance or Federal share insurance.

(B) PENALTY.—A violation of subparagraph (A) shall be considered a violation of section 18(a)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)(4)) or section 709 of title 18, United States Code, as applicable.

(3) MARKETING.—

(A) IN GENERAL.—It shall be unlawful to market a product in the United States as a payment stablecoin unless the product is issued pursuant to this Act.

(B) PENALTY.—Whoever knowingly and willfully participates in a violation of subparagraph (A) shall be fined by the Department of the Treasury not more than \$500,000 for each such violation.

(C) DETERMINATION OF THE NUMBER OF VIOLATIONS.—For purposes of determining the number of violations for which to impose penalties under subparagraph (B), separate acts of noncompliance are a single violation when the acts are the result of—

(i) a common or substantially overlapping originating cause; or

(ii) the same statement or publication.

(D) REFERRAL TO SECRETARY OF THE TREASURY.—If a Federal payment stablecoin regulator has reason to believe that any person has knowingly and willfully violated subparagraph (A), the Federal payment stablecoin regulator shall refer the matter to the Secretary of the Treasury.

(f) OFFICERS OR DIRECTORS CONVICTED OF CERTAIN FELONIES.—

(1) IN GENERAL.—No individual who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud may serve as—

(A) an officer of a payment stablecoin issuer; or

(B) a director of a payment stablecoin issuer.

(2) PENALTY.—

(A) IN GENERAL.—Whoever knowingly participates in a violation of paragraph (1) shall be fined not more than \$1,000,000 for each such violation, imprisoned for not more than 5 years, or both.

(B) REFERRAL TO ATTORNEY GENERAL.—If a Federal payment stablecoin regulator has reason to believe that any person has knowingly violated paragraph (1), the Federal payment stablecoin regulator shall refer the matter to the Attorney General.

(g) CLARIFICATION RELATING TO FEDERAL SAVINGS ASSOCIATION RESERVES.—A Federal savings association established under the Home Owners' Loan Act (12 U.S.C. 1461 et seq.) that holds a reserve that satisfies the requirements of section 4(a)(1) shall not be required to satisfy the qualified thrift lender test under section 10(m) of the Home Owners' Loan Act (12 U.S.C. 1467a(m)) with respect to such reserve assets.

(h) RULEMAKING.—

(1) IN GENERAL.—Consistent with section 13, the primary Federal payment stablecoin regulators shall, and State payment stablecoin regulators may, issue such regulations relating to permitted payment stablecoin issuers as may be necessary to establish a payment stablecoin regulatory framework necessary to administer and carry out the requirements of this section, including to establish conditions, and to prevent evasion thereof.

(2) COORDINATED ISSUANCE OF REGULATIONS.—All regulations issued to carry out this section shall be issued in coordination by the primary Federal payment stablecoin regulators, if not issued by a State payment stablecoin regulator.

(i) RULES OF CONSTRUCTION.—Nothing in this Act shall be construed—

(1) as expanding the authority of the Board with respect to the services the Board can make directly available to the public; or

(2) to limit or prevent the continued application of applicable ethics statutes and regulations administered by the Office of Government Ethics, or the ethics rules of the Senate and the House of Representatives, including section 208 of title 18, United States Code, and sections 2635.702 and 2635.802 of title 5, Code of Federal Regulations. For the avoidance of doubt, existing Office of Government Ethics laws and the ethics rules of the Senate and the House of Representatives prohibit any member of Congress or senior executive branch official from issuing a payment stablecoin during their time in public service. For the purposes of this paragraph, an employee described in section 202 of title 18, United States Code, shall be deemed an executive branch employee for purposes of complying with section 208 of that title.

SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSITORY INSTITUTIONS AND FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS. 12 USC 5904.

(a) APPLICATION.—

(1) IN GENERAL.—Each primary Federal payment stablecoin regulator shall—

(A) receive, review, and consider for approval applications from any insured depository institution that seeks to issue payment stablecoins through a subsidiary and any nonbank entity, Federal branch, or uninsured national bank that is chartered by the Comptroller pursuant to title LXII of the Revised Statutes, and that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer; and Review.

(B) establish a process and framework for the licensing, regulation, examination, and supervision of such entities that prioritizes the safety and soundness of such entities. Process.

(2) AUTHORITY TO ISSUE REGULATIONS AND PROCESS APPLICATIONS.—The primary Federal payment stablecoin regulators shall, before the date described in section 13— Deadline.

(A) issue regulations consistent with that section to carry out this section; and

(B) pursuant to the regulations described in subparagraph (A), accept and process applications described in paragraph (1).

Determination.

(3) **MANDATORY APPROVAL PROCESS.**—A primary Federal payment stablecoin regulator shall, upon receipt of a substantially complete application received under paragraph (1), evaluate and make a determination on each application based on the criteria established under this Act.

(b) **EVALUATION OF APPLICATIONS.**—A substantially complete application received under subsection (a) shall be evaluated by the primary Federal payment stablecoin regulator using the factors described in subsection (c).

(c) **FACTORS TO BE CONSIDERED.**—The factors described in this subsection are the following:

(1) The ability of the applicant (or, in the case of an applicant that is an insured depository institution, the subsidiary of the applicant), based on financial condition and resources, to meet the requirements set forth under section 4.

(2) Whether an individual who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud is serving as an officer or director of the applicant.

(3) The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent company, including—

(A) the record of those officers, directors, and principal shareholders of compliance with laws and regulations; and

(B) the ability of those officers, directors, and principal shareholders to fulfill any commitments to, and any conditions imposed by, their primary Federal payment stablecoin regulator in connection with the application at issue and any prior applications.

(4) Whether the redemption policy of the applicant meets the standards under section 4(a)(1)(B).

(5) Any other factors established by the primary Federal payment stablecoin regulator that are necessary to ensure the safety and soundness of the permitted payment stablecoin issuer.

Deadlines.

(d) **TIMING FOR DECISION; GROUNDS FOR DENIAL.**—

(1) **TIMING FOR DECISIONS ON APPLICATIONS.**—

(A) **IN GENERAL.**—Not later than 120 days after receiving a substantially complete application under subsection (a), a primary Federal payment stablecoin regulator shall render a decision on the application.

(B) **SUBSTANTIALLY COMPLETE.**—

(i) **IN GENERAL.**—For purposes of subparagraph (A), an application shall be considered substantially complete if the application contains sufficient information for the primary Federal payment stablecoin regulator to render a decision on whether the applicant satisfies the factors described in subsection (c).

(ii) **NOTIFICATION.**—Not later than 30 days after receiving an application under subsection (a), a primary Federal payment stablecoin regulator shall notify the applicant as to whether the primary Federal payment stablecoin regulator considers the application to be substantially complete and, if the application is not substantially complete, the additional information

the applicant shall provide in order for the application to be considered substantially complete.

(iii) MATERIAL CHANGE IN CIRCUMSTANCES.—An application considered substantially complete under this subparagraph remains substantially complete unless there is a material change in circumstances that requires the primary Federal payment stablecoin regulator to treat the application as a new application.

(2) DENIAL OF APPLICATION.—

(A) GROUNDS FOR DENIAL.—

(i) IN GENERAL.—A primary Federal payment stablecoin regulator shall only deny a substantially complete application received under subsection (a) if the regulator determines that the activities of the applicant would be unsafe or unsound based on the factors described in subsection (c).

Determination.

(ii) ISSUANCE ON OPEN, PUBLIC, OR DECENTRALIZED NETWORK NOT GROUND FOR DENIAL.—The issuance of a payment stablecoin on an open, public, or decentralized network shall not be a valid ground for denial of an application received under subsection (a).

(B) EXPLANATION REQUIRED.—If a primary Federal payment stablecoin regulator denies a complete application received under subsection (a), not later than 30 days after the date of such denial, the regulator shall provide the applicant with written notice explaining the denial with specificity, including all findings made by the regulator with respect to all identified material shortcomings in the application, including actionable recommendations on how the applicant could address the identified material shortcomings.

Notice.
Recommendations.

(C) OPPORTUNITY FOR HEARING; FINAL DETERMINATION.—

(i) IN GENERAL.—Not later than 30 days after the date of receipt of any notice of the denial of an application under this section, the applicant may request, in writing, an opportunity for a written or oral hearing before the primary Federal payment stablecoin regulator to appeal the denial.

(ii) TIMING.—Upon receipt of a timely request under clause (i), the primary Federal payment stablecoin regulator shall notice a time (not later than 30 days after the date of receipt of the request) and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument.

(iii) FINAL DETERMINATION.—Not later than 60 days after the date of a hearing under this subparagraph, the applicable primary Federal payment stablecoin regulator shall notify the applicant of a final determination, which shall contain a statement of the basis for that determination, with specific findings.

Notification.
Statement.

(iv) NOTICE IF NO HEARING.—If an applicant does not make a timely request for a hearing under this subparagraph, the primary Federal payment stablecoin regulator shall notify the applicant, not later than 10 days after the date by which the applicant may

request a hearing under this subparagraph, in writing, that the denial of the application is a final determination of the primary Federal payment stablecoin regulator.

(3) **FAILURE TO RENDER A DECISION.**—If a primary Federal payment stablecoin regulator fails to render a decision on a complete application within the time period specified in paragraph (1), the application shall be deemed approved.

(4) **RIGHT TO REAPPLY.**—The denial of an application under this section shall not prohibit the applicant from filing a subsequent application.

(e) **REPORTS ON PENDING APPLICATIONS.**—Each primary Federal payment stablecoin regulator shall—

(1) notify Congress upon beginning to process applications under this Act; and

(2) annually report to Congress on the applications that have been pending for 180 days or more since the date the initial application was filed and for which the applicant has been informed that the application remains incomplete, including documentation on the status of such applications and why such applications have not yet been approved.

Waiver authority.
Time period.
Effective date.

(f) **SAFE HARBOR FOR PENDING APPLICATIONS.**—The primary Federal payment stablecoin regulators may waive the application of the requirements of this Act for a period not to exceed 12 months beginning on the effective date of this Act, with respect to—

(1) a subsidiary of an insured depository institution, if the insured depository institution has an application pending for the subsidiary to become a permitted payment stablecoin issuer on that effective date; or

(2) a Federal qualified payment stablecoin issuer with a pending application on that effective date.

(g) **RULEMAKING.**—Consistent with section 13, the primary Federal payment stablecoin regulators shall issue rules necessary for the regulation of the issuance of payment stablecoins, but may not impose requirements in addition to the requirements specified under section 4.

(h) **RELATION TO OTHER LICENSING REQUIREMENTS.**—The provisions of this section supersede and preempt any State requirement for a charter, license, or other authorization to do business with respect to a Federal qualified payment stablecoin issuer or subsidiary of an insured depository institution or credit union that is approved under this section to be a permitted payment stablecoin issuer. Nothing in this subsection shall preempt or supersede the authority of a State to charter, license, supervise, or regulate an insured depository institution or credit union chartered in such State or to supervise a subsidiary of such insured depository institution or credit union that is approved under this section to be a permitted payment stablecoin issuer.

(i) **CERTIFICATION REQUIRED.**—

Deadline.
Time period.

(1) **IN GENERAL.**—Not later than 180 days after the approval of an application, and on an annual basis thereafter, each permitted payment stablecoin issuer shall submit to its primary Federal payment stablecoin regulator, or in the case of a State qualified payment stablecoin issuer its State payment

stablecoin regulator, a certification that the issuer has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of this Act.

(2) AVAILABILITY OF CERTIFICATIONS.—Federal payment stablecoin regulators and State payment stablecoin regulators shall make certifications described in paragraph (1) available to the Secretary of Treasury upon request.

(3) PENALTIES.—

(A) APPROVAL REVOCATION.—The primary Federal payment stablecoin regulator or State payment stablecoin regulator of a permitted payment stablecoin issuer that does not submit a certification pursuant to paragraph (1) may revoke the approval of the payment stablecoin issuer under this section.

(B) CRIMINAL PENALTY.—

(i) IN GENERAL.—Any person that knowingly submits a certification pursuant to paragraph (1) that is false shall be subject to the criminal penalties set forth under section 1001 of title 18, United States Code.

(ii) REFERRAL TO ATTORNEY GENERAL.—If a Federal payment stablecoin regulator or State payment stablecoin regulator has reason to believe that any person has knowingly violated paragraph (1), the applicable regulator may refer the matter to the Attorney General or to the attorney general of the payment stablecoin issuer’s host State.

SEC. 6. SUPERVISION AND ENFORCEMENT WITH RESPECT TO FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS AND SUBSIDIARIES OF INSURED DEPOSITORY INSTITUTIONS.

12 USC 5905.

(a) SUPERVISION.—

(1) IN GENERAL.—Each permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of less than \$10,000,000,000 shall be subject to supervision by the appropriate primary Federal payment stablecoin regulator.

(2) SUBMISSION OF REPORTS.—Each permitted payment stablecoin issuer described in paragraph (1) shall, upon request, submit to the appropriate primary Federal payment stablecoin regulator a report on—

(A) the financial condition of the permitted payment stablecoin issuer;

(B) the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operating risks;

(C) compliance by the permitted payment stablecoin issuer (and any subsidiary thereof) with this Act; and

(D) the compliance of the Federal qualified nonbank payment stablecoin issuer with the requirements of the

Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.

Assessments.

(3) EXAMINATIONS.—The appropriate primary Federal payment stablecoin regulator shall examine a permitted payment stablecoin issuer described in paragraph (1) in order to assess—

(A) the nature of the operations and financial condition of the permitted payment stablecoin issuer;

(B) the financial, operational, technological, and other risks associated within the permitted payment stablecoin issuer that may pose a threat to—

(i) the safety and soundness of the permitted payment stablecoin issuer; or

(ii) the stability of the financial system of the United States; and

(C) the systems of the permitted payment stablecoin issuer for monitoring and controlling the risks described in subparagraph (B).

(4) REQUIREMENTS FOR EFFICIENCY.—

(A) USE OF EXISTING REPORTS.—In supervising and examining a permitted payment stablecoin issuer under this subsection, a primary Federal payment stablecoin regulator shall, to the fullest extent possible, use existing reports and other supervisory information.

(B) AVOIDANCE OF DUPLICATION.—A primary Federal payment stablecoin regulator shall, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information in carrying out this subsection with respect to a permitted payment stablecoin issuer.

(C) CONSIDERATION OF BURDEN.—A primary Federal payment stablecoin regulator shall, with respect to any examination or request for the submission of a report under this subsection, only request examinations and reports at a cadence and in a format that is similar to that required for similarly situated entities regulated by the primary Federal payment stablecoin regulator.

Determinations.

(b) ENFORCEMENT.—

(1) SUSPENSION OR REVOCATION OF REGISTRATION.—The primary Federal payment stablecoin regulator of a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of less than \$10,000,000,000 may prohibit the permitted payment stablecoin issuer from issuing payment stablecoins, if the primary Federal payment stablecoin regulator determines that such permitted payment stablecoin issuer, or an institution-affiliated party of the permitted payment stablecoin issuer is willfully or recklessly violating or has willfully or recklessly violated—

(A) this Act or any regulation or order issued under this Act; or

(B) any condition imposed in writing by the primary Federal payment stablecoin regulator in connection with a written agreement entered into between the permitted payment stablecoin issuer and the primary Federal payment stablecoin regulator.

(2) CEASE-AND-DESIST PROCEEDINGS.—If the primary Federal payment stablecoin regulator of a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of less than \$10,000,000,000 has reasonable cause to believe that the permitted payment stablecoin issuer or any institution-affiliated party of the permitted payment stablecoin issuer is violating, has violated, or is attempting to violate this Act, any regulation or order issued under this Act, or any written agreement entered into with the primary Federal payment stablecoin regulator or condition imposed in writing by the primary Federal payment stablecoin regulator in connection with any application or other request, the primary Federal payment stablecoin regulator may, by provisions that are mandatory or otherwise, order the permitted payment stablecoin issuer or institution-affiliated party of the permitted payment stablecoin issuer to—

(A) cease and desist from such violation or practice;

or

(B) take affirmative action to correct the conditions resulting from any such violation or practice.

(3) REMOVAL AND PROHIBITION AUTHORITY.—The primary Federal payment stablecoin regulator of a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer may remove an institution-affiliated party of the permitted payment stablecoin issuer from the position or office of that institution-affiliated party or prohibit further participation in the affairs of the permitted payment stablecoin issuer or of all such permitted payment stablecoin issuers by that institution-affiliated party, if the primary Federal payment stablecoin regulator determines that—

(A) the institution-affiliated party has knowingly committed a violation or attempted violation of this Act or any regulation or order issued under this Act; or

(B) the institution-affiliated party has knowingly committed a violation of any provision of subchapter II of chapter 53 of title 31, United States Code.

(4) PROCEDURES.—

(A) IN GENERAL.—If a primary Federal payment stablecoin regulator identifies a violation or attempted violation of this Act or makes a determination under paragraph (1), (2), or (3), the primary Federal payment stablecoin regulator shall comply with the procedures set forth in subsections (b) and (e) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) or subsections (e) and (g) of section 206 the Federal Credit Union Act (12 U.S.C. 1786(e) and (g)), as applicable.

Compliance.

(B) JUDICIAL REVIEW.—A person aggrieved by a final action under this subsection may obtain judicial review of such action exclusively as provided in section 8(h) of the Federal Deposit Insurance Act (12 U.S.C. 1818(h)) or section 206(j) of the Federal Credit Union Act (12 U.S.C. 1786(j)), as applicable.

(C) INJUNCTION.—A primary Federal payment stablecoin regulator may, at the discretion of the regulator, follow the procedures provided in section 8(i)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(1)) or

section 206(k)(1) of the Federal Credit Union Act (12 U.S.C. 1786(k)(1)), as applicable, for judicial enforcement of any effective and outstanding notice or order issued under this subsection.

(D) TEMPORARY CEASE-AND-DESIST PROCEEDINGS.—If a primary Federal payment stablecoin regulator determines that a violation or attempted violation of this Act or an action with respect to which a determination was made under paragraph (1), (2), or (3), or the continuation thereof, is likely to cause insolvency or significant dissipation of assets or earnings of a permitted payment stablecoin issuer, or is likely to weaken the condition of the permitted payment stablecoin issuer or otherwise prejudice the interests of the customers of the permitted payment stablecoin issuer prior to the completion of the proceedings conducted under this paragraph, the primary Federal payment stablecoin regulator may follow the procedures provided in section 8(c) of the Federal Deposit Insurance Act (12 U.S.C. 1818(c)) or section 206(f) of the Federal Credit Union Act (12 U.S.C. 1786(f)), as applicable, to issue a temporary cease and desist order.

(5) CIVIL MONEY PENALTIES.—Unless otherwise specified in this Act, the civil money penalties for violations of this Act consist of the following:

(A) FAILURE TO BE APPROVED.—Any person that issues a United States dollar-denominated payment stablecoin in violation of section 3, and any institution-affiliated party of such a person who knowingly participates in issuing such a payment stablecoin, shall be liable for a civil penalty of not more than \$100,000 for each day during which such payment stablecoins are issued.

(B) FIRST TIER.—Except as provided in subparagraph (A), a permitted payment stablecoin issuer or institution-affiliated party of such permitted payment stablecoin issuer that materially violates this Act or any regulation or order issued under this Act, or that materially violates any condition imposed in writing by the appropriate primary Federal payment stablecoin regulator in connection with a written agreement entered into between the permitted payment stablecoin issuer and that primary Federal payment stablecoin regulator, shall be liable for a civil penalty of not more than \$100,000 for each day during which the violation continues.

(C) SECOND TIER.—Except as provided in subparagraph (A), and in addition to the penalties described in subparagraph (B), a permitted payment stablecoin issuer or institution-affiliated party of such permitted payment stablecoin issuer who knowingly participates in a violation of any provision of this Act, or any regulation or order issued under this Act, shall be liable for a civil penalty of not more than an additional \$100,000 for each day during which the violation continues.

(D) PROCEDURE.—Any penalty imposed under this paragraph may be assessed and collected by the appropriate primary Federal payment stablecoin regulator pursuant to the procedures set forth in section 8(i)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(2)) or

section 206(k)(2) of the Federal Credit Union Act (12 U.S.C. 1786(k)(2)), as applicable.

(E) NOTICE AND ORDERS AFTER SEPARATION FROM SERVICE.—The resignation, termination of employment or participation, or separation of an institution-affiliated party (including a separation caused by the closing of a permitted payment stablecoin issuer) shall not affect the jurisdiction and authority of a primary Federal payment stablecoin regulator to issue any notice or order and proceed under this subsection against any such party, if such notice or order is served before the end of the 6-year period beginning on the date on which such party ceased to be an institution-affiliated party with respect to such permitted payment stablecoin issuer.

Time period.

(6) NON-APPLICABILITY TO A STATE QUALIFIED PAYMENT STABLECOIN ISSUER.—Notwithstanding anything in this subsection to the contrary, this subsection shall not apply to a State qualified payment stablecoin issuer.

(c) RULE OF CONSTRUCTION.—Nothing in this Act may be construed to modify or otherwise affect any right or remedy under any Federal consumer financial law, including 12 U.S.C. 5515 and 15 U.S.C. 41 et seq.

SEC. 7. STATE QUALIFIED PAYMENT STABLECOIN ISSUERS.

12 USC 5906.

(a) IN GENERAL.—A State payment stablecoin regulator shall have supervisory, examination, and enforcement authority over all State qualified payment stablecoin issuers of such State.

(b) AUTHORITY TO ENTER INTO AGREEMENTS WITH THE BOARD.—A State payment stablecoin regulator may enter into a memorandum of understanding with the Board, by mutual agreement, under which the Board may participate in the supervision, examination, and enforcement of this Act with respect to the State qualified payment stablecoin issuers of such State.

Memorandum.

(c) SHARING OF INFORMATION.—A State payment stablecoin regulator and the Board shall share information on an ongoing basis with respect to a State qualified payment stablecoin issuer of such State, including a copy of the initial application and any accompanying documents.

Records.

(d) RULEMAKING.—A State payment stablecoin regulator may issue orders and rules under section 4 applicable to State qualified payment stablecoin issuers to the same extent as the primary Federal payment stablecoin regulators issue orders and rules under section 4 applicable to permitted payment stablecoin issuers that are not State qualified payment stablecoin issuers.

(e) ENFORCEMENT AUTHORITY IN UNUSUAL AND EXIGENT CIRCUMSTANCES.—

(1) BOARD.—

(A) IN GENERAL.—Subject to subparagraph (C), under unusual and exigent circumstances that the Board determines to exist, the Board may, after not less than 48 hours' prior written notice to the applicable State payment stablecoin regulator, take an enforcement action against a State qualified payment stablecoin issuer or an institution-affiliated party of such issuer for violations of this Act during such unusual and exigent circumstances.

Time period.
Notice.

(B) RULEMAKING.—Consistent with section 13, the Board shall issue rules to set forth the unusual and exigent

circumstances in which the Board may act under this paragraph.

Determination.

(C) LIMITATIONS.—If, after unusual and exigent circumstances are determined to exist pursuant to subparagraph (A), the Board determines that there is reasonable cause to believe that the continuation by a State qualified payment stablecoin issuer of any activity constitutes a serious risk to the financial safety, soundness, or stability of the State qualified payment stablecoin issuer, the Board may impose such restrictions as the Board determines to be necessary to address such risk during such unusual and exigent circumstances, which may include limitations on redemptions of payment stablecoins, and which shall be issued in the form of a directive, with the effect of a cease and desist order that has become final, to the State qualified payment stablecoin issuer and any of its affiliates, limiting—

(i) transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and

(ii) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

(D) REVIEW OF DIRECTIVE.—

(i) ADMINISTRATIVE REVIEW.—

(I) IN GENERAL.—After a directive described in subparagraph (C) is issued, the applicable State qualified payment stablecoin issuer, or any institution-affiliated party of the State qualified payment stablecoin issuer subject to the directive, may object and present to the Board, in writing, the reasons why the directive should be modified or rescinded.

Deadline.

(II) AUTOMATIC LAPSE OF DIRECTIVE.—If, after 10 days after the receipt of a response described in subclause (I), the Board does not affirm, modify, or rescind the directive, the directive shall automatically lapse.

(ii) JUDICIAL REVIEW.—

(I) IN GENERAL.—If the Board affirms or modifies a directive pursuant to clause (i), any affected party may immediately thereafter petition the United States district court for the district in which the main office of the affected party is located, or in the United States District Court for the District of Columbia, to stay, modify, terminate, or set aside the directive.

(II) RELIEF FOR EXTRAORDINARY CAUSE.—Upon a showing of extraordinary cause, an affected party may petition for relief under subclause (I) without first pursuing or exhausting the administrative remedies under clause (i).

(2) COMPTROLLER.—

(A) IN GENERAL.—Subject to subparagraph (C), under unusual and exigent circumstances determined to exist by the Comptroller, the Comptroller shall, after not less than 48 hours' prior written notice to the applicable State payment stablecoin regulator, take an enforcement action against a State qualified payment stablecoin issuer that is a nonbank entity for violations of this Act.

Deadline.
Notice.

(B) RULEMAKING.—Consistent with section 13, the Comptroller shall issue rules to set forth the unusual and exigent circumstances in which the Comptroller may act under this paragraph.

(C) LIMITATIONS.—If, after unusual and exigent circumstances are determined to exist under subparagraph (A), the Comptroller determines that there is reasonable cause to believe that the continuation of any activity by a State qualified payment stablecoin issuer that is a nonbank entity constitutes a serious risk to the financial safety, soundness, or stability of the State qualified payment stablecoin issuer that is a nonbank entity, the Comptroller shall impose such restrictions as the Comptroller determines to be necessary to address such risk during such unusual and exigent circumstances, which may include limitations on redemption of payment stablecoins, and which shall be issued in the form of a directive, with the effect of a cease and desist order that has become final, to the State qualified payment stablecoin issuer that is a nonbank entity and any of its affiliates, limiting—

Determination.

(i) transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and

(ii) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

(D) REVIEW OF DIRECTIVE.—

(i) ADMINISTRATIVE REVIEW.—

(I) IN GENERAL.—After a directive described in subparagraph (C) is issued, the applicable Federal qualified payment stablecoin issuer, or any institution-affiliated party of the Federal qualified payment stablecoin issuer subject to the directive, may object and present to the Comptroller, in writing, the reasons that the directive should be modified or rescinded.

(II) AUTOMATIC LAPSE OF DIRECTIVE.—If, after 10 days after the receipt of a response described in subclause (I), the Comptroller does not affirm, modify, or rescind the directive, the directive shall automatically lapse.

Deadline.

(ii) JUDICIAL REVIEW.—

(I) IN GENERAL.—If the Comptroller affirms or modifies a directive pursuant to clause (i), any affected party may immediately thereafter petition the United States district court for the district in which the main office of the affected party is

located, or in the United States District Court for the District of Columbia, to stay, modify, terminate, or set aside the directive.

(II) RELIEF FOR EXTRAORDINARY CAUSE.—Upon a showing of extraordinary cause, an affected party may petition for relief under subclause (I) without first pursuing or exhausting the administrative remedies under clause (i).

(f) EFFECT ON STATE LAW.—

Applicability.

(1) HOST STATE LAW.—Notwithstanding any other provision of law, the laws of a host State, including laws relating to consumer protection, shall only apply to the activities conducted in the host State by an out-of-State State qualified payment stablecoin issuer to the same extent as such laws apply to the activities conducted in the host State by an out-of-State Federal qualified payment stablecoin issuer.

(2) HOME STATE LAW.—If any host State law is determined not to apply under paragraph (1), the laws of the home State of the State qualified payment stablecoin issuer shall govern the activities of the permitted payment stablecoin issuer conducted in the host State.

(3) APPLICABILITY.—

(A) IN GENERAL.—This subsection shall only apply to an out-of-State State qualified payment stablecoin issuer chartered, licensed, or otherwise authorized to do business by a State that has a certification in place pursuant to section 4(c) of this Act.

(B) EXCLUSION.—The laws applicable to an out-of-State qualified payment stablecoin issuer under paragraph (1) exclude host State laws governing the chartering, licensure, or other authorization to do business in the host State as a permitted payment stablecoin issuer pursuant to this Act.

(4) RULE OF CONSTRUCTION.—Except for State laws relating to the chartering, licensure, or other authorization to do business as a permitted payment stablecoin issuer, nothing in this Act shall preempt State consumer protection laws, including common law, and the remedies available thereunder.

12 USC 5907.

SEC. 8. ANTI-MONEY LAUNDERING PROTECTIONS.

(a) PAYMENT STABLECOINS ISSUED BY A FOREIGN PAYMENT STABLECOIN ISSUER.—

Compliance.

(1) IN GENERAL.—A payment stablecoin that is issued by a foreign payment stablecoin issuer may not be publicly offered, sold, or otherwise made available for trading in the United States by a digital asset service provider unless the foreign payment stablecoin issuer has the technological capability to comply and complies with the terms of any lawful order.

(2) ENFORCEMENT.—

(A) AUTHORITY.—The Secretary of the Treasury shall have the authority to designate any foreign issuer that publicly offers, sells, or otherwise makes available a payment stablecoin in violation of paragraph (1) as noncompliant.

Deadline.
Notification.

(B) DESIGNATION AS NONCOMPLIANT.—Not later than 30 days after the Department of the Treasury has identified a foreign payment stablecoin issuer of any payment

stablecoin trading in the United States that is in violation of paragraph (1), the Secretary of the Treasury, in coordination with relevant Federal agencies, may, pursuant to the authority under subparagraph (A), designate the foreign payment stablecoin issuer as noncompliant and notify the foreign payment stablecoin issuer in writing of the designation.

(3) APPEAL.—A determination of noncompliance under this subsection is subject to judicial review in the United States Court of Appeals for the District of Columbia Circuit.

(b) PUBLICATION OF DESIGNATION; PROHIBITION ON SECONDARY TRADING.—

(1) IN GENERAL.—If a foreign payment stablecoin issuer does not come into compliance with the lawful order within 30 days from the date of issuance of the written notice described in subsection (a), except as provided in subsection (c), the Secretary of the Treasury shall—

(A) publish the determination of noncompliance in the Federal Register, including a statement on the failure of the foreign payment stablecoin issuer to comply with the lawful order after the written notice; and

(B) issue a notification in the Federal Register prohibiting digital asset service providers from facilitating secondary trading of payment stablecoins issued by the foreign payment stablecoin issuer in the United States.

(2) EFFECTIVE DATE OF PROHIBITION.—The prohibition on facilitation of secondary trading described in paragraph (1) shall become effective on the date that is 30 days after the date of issue of notification of the prohibition in the Federal Register.

(3) EXPIRATION OF PROHIBITION.—

(A) IN GENERAL.—The prohibition on facilitation of secondary trading described in paragraph (1)(B) shall expire upon the Secretary of the Treasury’s determination that the foreign payment stablecoin issuer is no longer noncompliant.

(B) RULEMAKING.—Consistent with section 13, the Secretary of the Treasury shall specify the criteria that a noncompliant foreign issuer must meet for the Secretary of the Treasury to determine that the foreign payment stablecoin issuer is no longer noncompliant.

(C) PUBLICATION.—Upon a determination under subparagraph (A), the Secretary of the Treasury shall publish the determination in the Federal Register, including a statement detailing how the foreign payment stablecoin issuer has met the criteria described in subparagraph (B).

(4) CIVIL MONETARY PENALTIES.—The Secretary of the Treasury may impose a civil monetary penalty as follows:

(A) DIGITAL ASSET SERVICE PROVIDERS.—Any digital asset service provider that knowingly violates a prohibition under paragraph (1)(B) shall be subject to a civil monetary penalty of not more than \$100,000 per violation per day.

(B) FOREIGN PAYMENT STABLECOIN ISSUERS.—Any foreign payment stablecoin issuer that knowingly continues to publicly offer a payment stablecoin in the United States after publication of the determination of noncompliance under paragraph (1)(A) shall be subject to a civil monetary

Federal Register, publication. Determinations. Statements. Compliance. Deadline.

Notification.

Criteria.

penalty of not more than \$1,000,000 per violation per day, and the Secretary of the Treasury may seek an injunction in a district court of the United States to bar the foreign payment stablecoin issuer from engaging in financial transactions in the United States or with United States persons.

(C) DETERMINATION OF THE NUMBER OF VIOLATIONS.—For purposes of determining the number of violations for which to impose a penalty under subparagraph (A) or (B), separate acts of noncompliance are a single violation when the acts are the result of a common or substantially overlapping originating cause. Notwithstanding the foregoing, the Secretary of Treasury may determine that multiple acts of noncompliance constitute separate violations if such acts were the result of gross negligence, a reckless disregard for, or a pattern of indifference to, money laundering, financing of terrorism, or sanctions evasion requirements.

(D) COMMENCEMENT OF CIVIL ACTIONS.—The Secretary of the Treasury may commence a civil action against a foreign payment stablecoin issuer in a district court of the United States to—

(i) recover a civil monetary penalty assessed under subparagraph (A) or (B);

(ii) seek an injunction to bar the foreign payment stablecoin issuer from engaging in financial transactions in the United States or with United States persons; or

(iii) seek an injunction to stop a digital asset service provider from offering on the platform of the digital asset service provider payment stablecoins issued by the foreign payment stablecoin issuer.

Determinations.

(c) WAIVER AND LICENSING AUTHORITY EXEMPTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury may offer a waiver, general license, or specific license to any United States person engaging in secondary trading described in subsection (b)(1)(B) on a case-by-case basis if the Secretary determines that—

(A) prohibiting secondary trading would adversely affect the financial system of the United States; or

(B) the foreign payment stablecoin issuer is taking tangible steps to remedy the failure to comply with the lawful order that resulted in the noncompliance determination under subsection (a).

(2) NATIONAL SECURITY WAIVER.—The Secretary of the Treasury, in consultation with the Director of National Intelligence and the Secretary of State, may waive the application of the secondary trading restrictions under subsection (b)(1)(B) if the Secretary of the Treasury determines that the waiver is in the national security interest of the United States.

(3) WAIVER FOR INTELLIGENCE AND LAW ENFORCEMENT ACTIVITIES.—The head of a department or agency may waive the application of this section with respect to—

(A) activities subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 et seq.), or any authorized intelligence activities of the United States; or

(B) activities necessary to carry out or assist law enforcement activity of the United States.

(4) REPORT REQUIRED.—Not later than 7 days after issuing a waiver or a license under paragraph (1), (2), or (3), the Secretary of the Treasury shall submit to the chairs and ranking members of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, a report, which may include a classified annex, if applicable, including the text of the waiver or license, as well as the facts and circumstances justifying the waiver determination, and provide a briefing on the report.

(d) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed as altering the existing authority of the Secretary of the Treasury to block, restrict, or limit transactions involving payment stablecoins that reference or are denominated in United States dollars that are subject to the jurisdiction of the United States.

SEC. 9. ANTI-MONEY LAUNDERING INNOVATION.

12 USC 5908.

(a) PUBLIC COMMENT.—Beginning on the date that is 30 days after the date of enactment of this Act, and for a period of 60 days thereafter, the Secretary of the Treasury shall seek public comment to identify innovative or novel methods, techniques, or strategies that regulated financial institutions use, or have the potential to use, to detect illicit activity, such as money laundering, involving digital assets, including comments with respect to—

Effective date.
Time period.

- (1) application program interfaces;
- (2) artificial intelligence;
- (3) digital identify verification; and
- (4) use of blockchain technology and monitoring.

(b) TREASURY RESEARCH.—

(1) IN GENERAL.—Upon completion of the public comment period described in subsection (a), the Secretary of the Treasury shall conduct research on the innovative or novel methods, techniques, or strategies that regulated financial institutions use, or have the potential to use, to detect illicit activity, such as money laundering, involving digital assets that were identified in such public comment period.

(2) RESEARCH FACTORS.—With respect to each innovative or novel method, technique, or strategy described in paragraph (1), the Financial Crimes Enforcement Network shall evaluate and consider the following factors against existing methods, techniques, or strategies:

Evaluation.

(A) Improvements in the ability of financial institutions to detect illicit activity involving digital assets.

(B) Costs to regulated financial institutions.

(C) The amount and sensitivity of information that is collected or reviewed.

(D) Privacy risks associated with the information that is collected or reviewed.

(E) Operational challenges and efficiency considerations.

(F) Cybersecurity risks.

(G) Effectiveness of methods, techniques, or strategies at mitigating illicit finance.

(c) TREASURY RISK ASSESSMENT.—As part of the national strategy for combating terrorist and other illicit financing required

under sections 261 and 262 of the Countering America’s Adversaries Through Sanctions Act (Public Law 115–44; 131 Stat. 934), the Secretary of the Treasury shall consider—

(1) the source of illicit activity, such as money laundering and sanctions evasion involving digital assets;

(2) the effectiveness of and gaps in existing methods, techniques, and strategies used by regulated financial institutions in detecting illicit activity, such as money laundering, involving digital assets;

(3) the impact of existing regulatory frameworks on the use and development of innovative methods, techniques, or strategies by regulated financial institutions; and

(4) any foreign jurisdictions that pose a high risk of facilitating illicit activity through the use of digital assets to obtain fiat currency.

Deadline.
Notice.

(d) FINCEN GUIDANCE OR RULEMAKING.—Not later than 3 years after the date of enactment of this Act, the Financial Crimes Enforcement Network shall issue public guidance and notice and comment rulemaking, based on the results of the research and risk assessments required under this section, relating to the following:

(1) The implementation of innovative or novel methods, techniques, or strategies by regulated financial institutions to detect illicit activity involving digital assets.

(2) Standards for payment stablecoin issuers to identify and report illicit activity involving the payment stablecoin of a permitted payment stablecoin issuer, including, fraud, cybercrime, money laundering, financing of terrorism, sanctions evasion, or insider trading.

(3) Standards for payment stablecoin issuers’ systems and practices to monitor transactions on blockchains, digital asset mixing services, tumblers, or other similar services that mix payment stablecoins in such a way as to make such transaction or the identity of the transaction parties less identifiable.

(4) Tailored risk management standards for financial institutions interacting with decentralized finance protocols.

(e) RECOMMENDATIONS AND REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury shall submit to the chairs and ranking members of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on—

(A) legislative and regulatory proposals to allow regulated financial institutions to develop and implement novel and innovative methods, techniques, or strategies to detect illicit activity, such as money laundering and sanctions evasion, involving digital assets;

(B) the results of the research and risk assessments conducted pursuant to this section;

(C) efforts to support the ability of financial institutions to implement novel and innovative methods, techniques, or strategies to detect illicit activity, such as money laundering and sanctions evasion, involving digital assets;

(D) the extent to which transactions on distributed ledgers, digital asset mixing services, tumblers, or other similar services that mix payment stablecoins in such a

way as to make such transaction or the identity of the transaction parties less identifiable may facilitate illicit activity; and

(E) legislative recommendations relating to the scope of the term “digital asset service provider” and the application of that term to decentralized finance.

(2) CLASSIFIED ANNEX.—A report under this section may include a classified annex, if applicable.

(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the existing authority of the Secretary of the Treasury or the primary Federal payment stablecoin regulators to, prior to the submission of a report required under this section, use existing exemptive authorities, the no-action letter process, or rulemaking authorities in a manner that encourages regulated financial institutions to adopt novel or innovative methods, techniques, or strategies to detect illicit activity, such as money laundering, involving digital assets.

SEC. 10. CUSTODY OF PAYMENT STABLECOIN RESERVE AND COLLATERAL.

12 USC 5909.

(a) IN GENERAL.—A person may only engage in the business of providing custodial or safekeeping services for the payment stablecoin reserve, the payment stablecoins used as collateral, or the private keys used to issue permitted payment stablecoins if the person—

(1) is subject to—

(A) supervision or regulation by a primary Federal payment stablecoin regulator or a primary financial regulatory agency described under subparagraph (B) or (C) of section 2(12) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301(12)); or

(B) supervision by a State bank supervisor, as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), or a State credit union supervisor, as defined under section 6003 of the Anti-Money Laundering Act of 2020 (31 U.S.C. 5311 note), and such State bank supervisor or State credit union supervisor makes available to the Board such information as the Board determines necessary and relevant to the categories of information under subsection (d); and

(2) complies with the requirements under subsection (b), unless such person holds such property in accordance with similar requirements as required by a primary Federal payment stablecoin regulator, the Securities and Exchange Commission, or the Commodity Futures Trading Commission.

Compliance.

(b) CUSTOMER PROPERTY REQUIREMENT.—A person described in subsection (a) shall, with respect to other property described in that subsection—

(1) treat and deal with the payment stablecoins, private keys, cash, and other property of a person for whom or on whose behalf the person described in that subsection receives, acquires, or holds payment stablecoins, private keys, cash, and other property (hereinafter referred to in this section as the “customer”) as belonging to such customer and not as the property of such person; and

(2) take such steps as are appropriate to protect the payment stablecoins, private keys, cash, and other property of a customer from the claims of creditors of the person.

(c) COMMINGLING PROHIBITED.—

(1) IN GENERAL.—Payment stablecoin reserves, payment stablecoins, cash, and other property of a permitted payment stablecoin issuer or customer shall be separately accounted for by a person described in subsection (a) and shall be segregated from and not be commingled with the assets of the person.

(2) EXCEPTIONS.—Notwithstanding paragraph (1) or subsection (b)—

(A) the payment stablecoin reserves, payment stablecoins, cash, and other property of a permitted payment stablecoin issuer or customer may, for convenience, be commingled and deposited in an omnibus account holding the payment stablecoin reserves, payment stablecoins, cash, and other property of more than 1 permitted payment stablecoin issuer or customer at a State chartered depository institution, an insured depository institution, national bank, or trust company, and any payment stablecoin reserves in the form of cash held in the form of a deposit liability at a depository institution shall not be subject to any requirement relating to the separation of such cash from the property of the applicable depository institution;

(B) such share of the payment stablecoin reserves, payment stablecoins, cash, and other property of the permitted payment stablecoin issuer or customer that shall be necessary to transfer, adjust, or settle a transaction or transfer of assets may be withdrawn and applied to such purposes, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services by a person described in subsection (a);

(C) in accordance with such terms and conditions as a primary Federal payment stablecoin regulator may prescribe by rule, regulation, or order, any payment stablecoin reserves, payment stablecoins, cash, and other property described in this subsection may be commingled and deposited in permitted payment stablecoin issuer or customer accounts with payment stablecoin reserves, payment stablecoins, cash, and other property received by the person and required by the primary Federal payment stablecoin regulator to be separately accounted for, treated as, and dealt with as belonging to such permitted payment stablecoin issuers or customers; or

(D) an insured depository institution that provides custodial or safekeeping services for payment stablecoin reserves shall be permitted to hold payment stablecoin reserves in the form of cash on deposit provided such treatment is consistent with Federal law.

Claims.

(3) CUSTOMER PRIORITY.—With respect to payment stablecoins held by a person described in subsection (a) for a customer, with or without the segregation required under paragraph (1), the claims of the customer against such person with respect to such payment stablecoins shall have priority

over the claims of any person other than the claims of another customer with respect to payment stablecoins held by such person described in subsection (a), unless the customer expressly consents to the priority of such other claim.

(d) REGULATORY INFORMATION.—A person described under subsection (a) shall submit to the applicable primary Federal payment stablecoin regulator information concerning the person’s business operations and processes to protect customer assets, in such form and manner as the primary regulator shall determine.

(e) EXCLUSION.—The requirements of this section shall not apply to any person solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer’s own custody or safekeeping of the customer’s payment stablecoins or private keys.

SEC. 11. TREATMENT OF PAYMENT STABLECOIN ISSUERS IN INSOLVENCY PROCEEDINGS.

(a) IN GENERAL.—Subject to section 507(e) of title 11, United States Code, as added by subsection (d), in any insolvency proceeding of a permitted payment stablecoin issuer under Federal or State law, including any proceeding under that title and any insolvency proceeding administered by a State payment stablecoin regulator with respect to a permitted payment stablecoin issuer—

Claims.
12 USC 5910.

(1) the claim of a person holding payment stablecoins issued by the permitted payment stablecoin issuer shall have priority, on a ratable basis with the claims of other persons holding such payment stablecoins, over the claims of the permitted payment stablecoin issuer and any other holder of claims against the permitted payment stablecoin issuer, with respect to required payment stablecoin reserves;

(2) notwithstanding any other provision of law, including the definition of “claim” under section 101(5) of title 11, United States Code, any person holding a payment stablecoin issued by the permitted payment stablecoin issuer shall be deemed to hold a claim; and

(3) the priority under paragraph (1) shall not apply to claims other than those arising directly from the holding of payment stablecoins.

(b) DEFINITIONS.—Section 101 of title 11, United States Code, is amended by adding after paragraph (40B) the following:

“(40C) The terms ‘payment stablecoin’ and ‘permitted payment stablecoin issuer’ have the meanings given those terms in section 2 of the GENIUS Act.”

(c) AUTOMATIC STAY.—Section 362 of title 11, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (7), by striking “and”;

(B) in paragraph (8), by striking the period and inserting “; and”; and

(C) by adding at the end the following:

“(9) the redemption of payment stablecoins issued by the permitted payment stablecoin issuer, from payment stablecoin reserves required to be maintained under section 4 of the GENIUS Act.”; and

(2) in subsection (d)—

(A) in paragraph (3)(B)(ii), by striking “or” at the end;

(B) in paragraph (4)(B), by striking the period at the end and inserting “; or”; and

(C) by inserting after paragraph (4) the following:

Courts.
Distributions.
Deadline.

“(5) with respect to the redemption of payment stablecoins held by a person, if the court finds, subject to the motion and attestation of the permitted payment stablecoin issuer, which shall be filed on the petition date or as soon as practicable thereafter, there are payment stablecoin reserves available for distribution on a ratable basis to similarly situated payment stablecoin holders, provided that the court shall use best efforts to enter a final order to begin distributions under this paragraph not later than 14 days after the date of the required hearing.”.

(d) PRIORITY IN BANKRUPTCY PROCEEDINGS.—Section 507 of title 11, United States Code, is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking “The following” and inserting “Subject to subsection (e), the following”; and

(2) by adding at the end the following:

Claims.

“(e) Notwithstanding subsection (a), if a payment stablecoin holder is not able to redeem all outstanding payment stablecoin claims from required payment stablecoin reserves maintained by the permitted payment stablecoin issuer, any such remaining claim arising from a person’s holding of a payment stablecoin issued by the permitted payment stablecoin issuer shall be a claim against the estate and shall have first priority over any other claim, including over any expenses and claims that have priority under that subsection, to the extent compliance with section 4 of the GENIUS Act would have required additional reserves to be maintained by the permitted payment stablecoin issuer for payment stablecoin holders.”.

(e) PAYMENT STABLECOIN RESERVES.—Section 541(b) of title 11, United States Code, is amended—

(1) in paragraph (9), in the matter following subparagraph (B), by striking “or” at the end;

(2) in paragraph (10)(C), by striking the period and inserting “; or”; and

(3) by inserting after paragraph (10) the following:

Applicability.

“(11) required payment stablecoin reserves under section 4 of the GENIUS Act, provided that notwithstanding the exclusion of such reserves from the property of the estate, section 362 of this title shall apply to such reserves.”.

(f) INTERVENTION.—Section 1109 of title 11, United States Code, is amended by adding at the end the following:

“(c) The Comptroller of the Currency or State payment stablecoin regulator (as defined in section 2 of the GENIUS Act) shall raise, and shall appear and be heard on, any issue, including the protection of customers, in a case under this chapter in which the debtor is a permitted payment stablecoin issuer.”.

12 USC 5911.

(g) APPLICATION OF EXISTING INSOLVENCY LAW.—In accordance with otherwise applicable law, an insolvency proceeding with respect to a permitted payment stablecoin issuer shall occur as follows:

(1) A depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) shall be resolved by the Federal Deposit Insurance Corporation,

National Credit Union Administration, or State payment stablecoin regulator, as applicable.

(2) A subsidiary of a depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) or a nonbank entity may be considered a debtor under title 11, United States Code.

(h) STUDY BY PRIMARY FEDERAL PAYMENT STABLECOIN REGULATORS.—

(1) STUDY REQUIRED.—The primary Federal payment stablecoin regulators shall perform a study of the potential insolvency proceedings of permitted payment stablecoin issuers, including an examination of—

(A) existing gaps in the bankruptcy laws and rules for permitted payment stablecoin issuers;

(B) the ability of payment stablecoin holders to be paid out in full in the event a permitted payment stablecoin issuer is insolvent; and

(C) the utility of orderly insolvency administration regimes and whether any additional authorities are needed to implement such regimes.

(2) REPORT.—Not later than 3 years after the date of enactment of this Act, the primary Federal payment stablecoin regulators shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains all findings of the study under paragraph (1), including any legislative recommendations.

SEC. 12. INTEROPERABILITY STANDARDS.

12 USC 5912.

The primary Federal payment stablecoin regulators, in consultation with the National Institute of Standards and Technology, other relevant standard-setting organizations, and State bank and credit union regulators, shall assess and, if necessary, may, pursuant to section 553 of title 5, United States Code, and in a manner consistent with the National Technology Transfer and Advancement Act of 1995 (Public Law 104–113), prescribe standards for permitted payment stablecoin issuers to promote compatibility and interoperability with—

Assessment.

(1) other permitted payment stablecoin issuers; and

(2) the broader digital finance ecosystem, including accepted communications protocols and blockchains, permissioned or public.

SEC. 13. RULEMAKING.

12 USC 5913.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, each primary Federal payment stablecoin regulator, the Secretary of the Treasury, and each State payment stablecoin regulator shall promulgate regulations to carry out this Act through appropriate notice and comment rulemaking.

Deadline.
Notice.

(b) COORDINATION.—Federal payment stablecoin regulators, the Secretary of the Treasury, and State payment stablecoin regulators should coordinate, as appropriate, on the issuance of any regulations to implement this Act.

(c) REPORT REQUIRED.—Not later than 180 days after the effective date of this Act, each Federal banking agency shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House

of Representatives a report that confirms and describes the regulations promulgated to carry out this Act.

SEC. 14. STUDY ON NON-PAYMENT STABLECOINS.

(a) **STUDY BY TREASURY.**—

(1) **STUDY.**—The Secretary of the Treasury, in consultation with the Board, the Comptroller, the Corporation, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall carry out a study of non-payment stablecoins, including endogenously collateralized payment stablecoins.

(2) **REPORT.**—Not later than 365 days after the date of the enactment of this Act, the Secretary of the Treasury shall provide to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains all findings made in carrying out the study under paragraph (1), including an analysis of—

(A) the categories of non-payment stablecoins, including the benefits and risks of technological design features;

(B) the participants in non-payment stablecoin arrangements;

(C) utilization and potential utilization of non-payment stablecoins;

(D) the nature of reserve compositions;

(E) types of algorithms being employed;

(F) governance structure, including aspects of decentralization;

(G) the nature of public promotion and advertising; and

(H) the clarity and availability of consumer notices disclosures.

(3) **CLASSIFIED ANNEX.**—A report under this section may include a classified annex, if applicable.

(b) **ENDOGENOUSLY COLLATERALIZED PAYMENT STABLECOIN DEFINED.**—In this section, the term “endogenously collateralized payment stablecoin” means any digital asset—

(1) the originator of which has represented will be converted, redeemed, or repurchased for a fixed amount of monetary value; and

(2) that relies solely on the value of another digital asset created or maintained by the same originator to maintain the fixed price.

12 USC 5914.

SEC. 15. REPORTS.

(a) **ANNUAL REPORTING REQUIREMENT.**—Beginning on the date that is 1 year after the date of enactment of this Act, and annually thereafter, the primary Federal payment stablecoin regulators, in consultation with State payment stablecoin regulators, as necessary, shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, and the Director of the Office of Financial Research a report, which may include a classified annex, if applicable, on the status of the payment stablecoin industry, including—

(1) a summary of trends in payment stablecoin activities;

(2) a summary of the number of applications for approval as a permitted payment stablecoin issuer under section 5, including aggregate approvals and rejections of applications; and

(3) a description of the potential financial stability risks posed to the safety and soundness of the broader financial system by payment stablecoin activities.

(b) **FSOC REPORT.**—The Financial Stability Oversight Council shall incorporate the findings in the report under subsection (a) into the annual report of the Council required under section 112(a)(2)(N) of the Financial Stability Act of 2010 (12 U.S.C. 5322(a)(2)(N)).

SEC. 16. AUTHORITY OF BANKING INSTITUTIONS.

12 USC 5915.

(a) **RULE OF CONSTRUCTION.**—Nothing in this Act may be construed to limit the authority of a depository institution, Federal credit union, State credit union, national bank, or trust company to engage in activities permissible pursuant to applicable State and Federal law, including—

(1) accepting or receiving deposits or shares (in the case of a credit union), and issuing digital assets that represent those deposits or shares;

(2) utilizing a distributed ledger for the books and records of the entity and to effect intrabank transfers; and

(3) providing custodial services for payment stablecoins, private keys of payment stablecoins, or reserves backing payment stablecoins.

(b) **REGULATORY REVIEW.**—Entities regulated by the primary Federal payment stablecoin regulators are authorized to engage in the payment stablecoin activities and investments contemplated by this Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions. The primary Federal payment stablecoin regulators shall review all existing guidance and regulations, and if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments.

Guidance.

(c) **TREATMENT OF CUSTODY ACTIVITIES.**—The appropriate Federal banking agency, the National Credit Union Administration (in the case of a credit union), and the Securities and Exchange Commission may not require a depository institution, national bank, Federal credit union, State credit union, or trust company, or any affiliate thereof—

(1) to include digital assets held in custody that are not owned by the entity as a liability on the financial statement or balance sheet of the entity, including payment stablecoin custody or safekeeping activities; or

(2) to hold in custody or safekeeping regulatory capital against digital assets and reserves backing such assets described in section 4(a)(1)(A), except as necessary to mitigate against operational risks inherent in custody or safekeeping services, as determined by—

(A) the appropriate Federal banking agency;

(B) the National Credit Union Administration (in the case of a credit union);

(C) a State bank supervisor; or

(D) a State credit union supervisor.

(d) STATE-CHARTERED DEPOSITORY INSTITUTIONS.—

(1) IN GENERAL.—A depository institution chartered under the banking laws of a State, that has a subsidiary that is a permitted payment stablecoin issuer, may engage in the business of money transmission or provide custodial services through the permitted payment stablecoin issuer in any State if such State-chartered depository institution is—

(A) required by the laws or regulations of the home State to establish and maintain adequate liquidity, and such liquidity is regularly reassessed by the home State banking supervisor to take into account any changes in the financial condition and risk profile of the institution, including any uninsured deposits maintained by such institution; and

(B) required by the laws or regulations of the home State to establish and maintain adequate capital, and such capital is regularly reassessed by the home State banking supervisor to take into account any changes in the financial condition and risk profile of the institution, including any uninsured deposits maintained by such institution.

Applicability.

(2) RULE OF CONSTRUCTION.—Nothing in this section shall limit, or be construed to limit, the authority of a host State bank regulator, to perform examinations of a depository institution’s subsidiary permitted payment stablecoin issuer or activities conducted through the permitted payment stablecoin issuer to ensure compliance with host State consumer protection laws that the host State bank regulator has specific jurisdiction to enforce, which shall apply to such institution consistent with section 7(f).

(e) DEFINITIONS.—In this section:

(1) HOME STATE.—The term “home State” means the State by which the depository institution is chartered.

(2) HOST STATE.—The term “host State” means a State in which a depository institution establishes a branch, solicits customers, or otherwise engages in business activities, other than the home State.

SEC. 17. AMENDMENTS TO CLARIFY THAT PAYMENT STABLECOINS ARE NOT SECURITIES OR COMMODITIES AND PERMITTED PAYMENT STABLECOIN ISSUERS ARE NOT INVESTMENT COMPANIES.

(a) INVESTMENT ADVISERS ACT OF 1940.—Section 202(a)(18) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(18)) is amended by adding at the end the following: “The term ‘security’ does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.”.

(b) INVESTMENT COMPANY ACT OF 1940.—The Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amended

(1) in section 2(a)(36) of the Act (15 U.S.C. 80a–2(a)(36)), by adding at the end the following: “The term ‘security’ does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.”; and

(2) in section 3(c)(3) of the Act (15 U.S.C. 80a–3(c)(3)), by inserting “any permitted payment stablecoin issuer, as such

term is defined in section 2 of the GENIUS Act;” after “therefor;”.

(c) SECURITIES ACT OF 1933.—Section 2(a)(1) of the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is amended by adding at the end the following: “The term ‘security’ does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.”.

(d) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(10) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(10)) is amended by adding at the end the following: “The term ‘security’ does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.”.

(e) SECURITIES INVESTOR PROTECTION ACT OF 1970.—Section 16(l)(4) of the Securities Investor Protection Act of 1970 (15 U.S.C. 78lll(4)) is amended by adding at the end the following: “The term ‘security’ does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.”.

(f) COMMODITY EXCHANGE ACT.—Section 1a(9) of the Commodity Exchange Act (7 U.S.C. 1a(9)) is amended by adding at the end the following: “The term ‘commodity’ does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.”.

SEC. 18. EXCEPTION FOR FOREIGN PAYMENT STABLECOIN ISSUERS AND RECIPROCITY FOR PAYMENT STABLECOINS ISSUED IN OVERSEAS JURISDICTIONS.

Determinations.
12 USC 5916.

(a) IN GENERAL.—The prohibitions under section 3 shall not apply to a foreign payment stablecoin issuer if all of the following apply:

(1) The foreign payment stablecoin issuer is subject to regulation and supervision by a foreign payment stablecoin regulator of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands that has a regulatory and supervisory regime with respect to payment stablecoins that the Secretary of the Treasury determines, pursuant to subsection (b), is comparable to the regulatory and supervisory regime established under this Act, including, in particular, the requirements under section 4(a).

(2) The foreign payment stablecoin issuer is registered with the Comptroller pursuant to subsection (c).

(3) The foreign payment stablecoin issuer holds reserves in a United States financial institution sufficient to meet liquidity demands of United States customers, unless otherwise permitted under a reciprocal arrangement established pursuant to subsection (d).

(4) The foreign country in which the foreign payment stablecoin issuer is domiciled and regulated is not subject to comprehensive economic sanctions by the United States or in a jurisdiction that the Secretary of the Treasury has determined to be a jurisdiction of primary money laundering concern.

(b) TREASURY DETERMINATION.—

| | |
|--------------------------------|--|
| Recommendation. | (1) IN GENERAL.—The Secretary of the Treasury may make a determination as to whether a foreign country has a regulatory and supervisory regime that is comparable to the requirements established under this Act, including the requirements under section 4(a). The Secretary of the Treasury may make such a determination only upon a recommendation from each other member of the Stablecoin Certification Review Committee. Prior to such determination taking effect, the Secretary of the Treasury shall publish in the Federal Register a justification for such determination, including how the foreign country’s regulatory and supervisory regime is comparable to the requirements established under this Act, including the requirements under section 4(a). |
| Federal Register, publication. | |
| Deadline. | (2) REQUEST.—A foreign payment stablecoin issuer or a foreign payment stablecoin regulator may request from the Secretary of the Treasury a determination under paragraph (1). (3) TIMING FOR DETERMINATION.—If a foreign payment stablecoin issuer or foreign payment stablecoin regulator requests a determination under paragraph (2), the Secretary of the Treasury shall render a decision on the determination not later than 210 days after the receipt of a substantially complete determination request. |
| Federal Register, publication. | (4) RESCISSION OF DETERMINATION.— (A) IN GENERAL.—The Secretary of the Treasury may, in consultation with the Federal payment stablecoin regulators, rescind a determination made under paragraph (1), if the Secretary determines that the regulatory regime of such foreign country is no longer comparable to the requirements established under this Act. Prior to such rescission taking effect, the Secretary of the Treasury shall publish in the Federal Register a justification for the rescission. |
| Deadline. | (B) LIMITED SAFE HARBOR.—If the Secretary of the Treasury rescinds a determination pursuant to subparagraph (A), a digital asset service provider shall have 90 days before the offer or sale of a payment stablecoin issued by the foreign payment stablecoin issuer that is the subject of the rescinded determination shall be in violation of section 3. |
| List. | (5) PUBLIC NOTICE.—The Secretary of the Treasury shall keep and make publicly available a current list of foreign countries for which a determination under paragraph (1) has been made. |
| Deadline. | (6) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Treasury shall issue such rules as may be required to carry out this section. |
| Effective date. Notification. | (c) REGISTRATION AND ONGOING MONITORING.— (1) REGISTRATION.— (A) IN GENERAL.—A foreign payment stablecoin issuer may offer or sell payment stablecoins using a digital asset service provider if the foreign payment stablecoin issuer is registered with the Comptroller. (B) REGISTRATION APPROVAL.—A registration of a foreign payment stablecoin issuer filed in accordance with this section shall be deemed approved on the date that is 30 days after the date the Comptroller receives the |

registration, unless the Comptroller notifies the foreign payment stablecoin issuer in writing that such registration has been rejected.

(C) STANDARDS FOR REJECTION.—In determining whether to reject a foreign payment stablecoin issuer’s registration, the Comptroller shall consider

(i) the final determination of the Secretary of the Treasury under this section;

(ii) the financial and managerial resources of the United States operations of the foreign payment stablecoin issuer;

(iii) whether the foreign payment stablecoin issuer will provide adequate information to the Comptroller as the Comptroller determines is necessary to determine compliance with this Act;

(iv) whether the foreign payment stablecoin presents a risk to the financial stability of the United States; and

(v) whether the foreign payment stablecoin issuer presents illicit finance risks to the United States.

(D) PROCEDURE FOR APPEAL.—If the Comptroller rejects a registration, not later than 30 days after the date of receipt of such rejection, the foreign payment stablecoin issuer may appeal the rejection by notifying the Comptroller of the request to appeal.

Deadline.
Notification.

(E) RULEMAKING.—Pursuant to section 13 of this Act, the Comptroller shall issue rules relating to the standards for approval of registration requests and the process for appealing denials of such registration requests.

(F) PUBLIC NOTICE.—The Comptroller shall keep and make publicly available a current list of foreign payment stablecoin issuer registrations that have been approved.

List.

(2) ONGOING MONITORING.—A foreign payment stablecoin issuer shall

(A) be subject to reporting, supervision, and examination requirements as determined by the Comptroller; and

(B) consent to United States jurisdiction relating to the enforcement of this Act.

Consent.

(3) LACK OF COMPLIANCE.—

(A) COMPTROLLER ACTION.—The Comptroller may, in consultation with the Secretary of the Treasury, rescind approval of a registration of a foreign payment stablecoin issuer under this subsection if the Comptroller determines that the foreign payment stablecoin issuer is not in compliance with the requirements of this Act, including for maintaining insufficient reserves or posing an illicit finance risk or financial stability risk. Prior to such rescission taking effect, the Comptroller shall publish in the Federal Register a justification for the rescission.

Rescission.

Federal Register,
publication.

(B) SECRETARY ACTION.—The Secretary of the Treasury, in consultation with the Comptroller, may revoke a registration of a foreign payment stablecoin issuer under this subsection if the Secretary determines that reasonable grounds exist for concluding that the foreign payment stablecoin issuer presents economic sanctions evasion, money laundering, or other illicit finance risks, or, as applicable, violations, or facilitation thereof.

Revocation.

Deadlines.
Contracts.

(d) RECIPROCITY.—

(1) IN GENERAL.—The Secretary of the Treasury may create and implement reciprocal arrangements or other bilateral agreements between the United States and jurisdictions with payment stablecoin regulatory regimes that are comparable to the requirements established under this Act. The Secretary of the Treasury shall consider whether the jurisdiction’s requirements for payment stablecoin issuers include

(A) similar requirements to those under section 4(a);

(B) adequate anti-money laundering and counter-financing of terrorism program and sanction compliance standards; and

(C) adequate supervisory and enforcement capacity to facilitate international transactions and interoperability with United States dollar-denominated payment stablecoins issued overseas.

Federal Register,
publication.

(2) PUBLICATION.—Not later than 90 days prior to the entry into force of any arrangement or agreement under paragraph (1), the Secretary of the Treasury shall publish the arrangement or agreement in the Federal Register.

(3) COMPLETION.—The Secretary of the Treasury should complete the arrangements under this subsection not later than the date that is 2 years after the date of enactment of this Act.

SEC. 19. DISCLOSURE RELATING TO PAYMENT STABLECOINS.

Section 13104(a)(3) of title 5, United States Code, is amended, in the first sentence, by striking “, or any deposits” and inserting “, any payment stablecoins issued by a permitted payment stablecoin issuer aggregating \$5,000 or less held, or any deposits”.

12 USC 5901
note.

SEC. 20. EFFECTIVE DATE.

This Act, and the amendments made by this Act, shall take effect on the earlier of

(1) the date that is 18 months after the date of enactment of this Act; or

(2) the date that is 120 days after the date on which the primary Federal payment stablecoin regulators issue any final regulations implementing this Act.

Approved July 18, 2025.

LEGISLATIVE HISTORY—S. 1582:

CONGRESSIONAL RECORD, Vol. 171 (2025):

May 21, June 2, 9, 11, 12, 17, considered and passed Senate.

July 17, considered and passed House.

DAILY COMPILATION OF PRESIDENTIAL DOCUMENTS (2025):

July 18, Presidential remarks.

